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No. 32,227 40/86 LONDON, THURSDAY, OCTOBER 2, 1986 ESTABLISHED 1887

Mexico and Banks Reach a Tentative Agreement on Debt

By Mary Tobin
United Press International

WASHINGTON — Mexico and a group of commercial banks have reached agreement in principle on a rescue package that includes a $6-billion loan from the banks.

The U.S. Treasury secretary, James A. Baker 3d, said Wednesday that the agreement was a milestone in U.S. efforts to spur world economic growth and resolve the international debt crisis.

"One year ago, we proposed an initiative by debtor nations, international institutions and private banks to help nations cope with their debt burdens and get on the track of sustained growth," Mr. Baker told delegates to the 41st annual meeting of the International Monetary Fund and World Bank.

West Germany's finance minister warned against a further fall in the dollar. Page 9.

He said the agreement, reached late Tuesday, provided the "first test of the willingness of commercial banks to provide a major new money package."

He said he hoped the agreement would reach "prompt completion."

In addition to the $6-billion loan from commercial banks, the World Bank will make $2.3 billion available to Mexico, including a guarantee of $500 million of the bank loans.

The total new money available to Mexico is about $12 billion, including $1.2 billion from the IMF and additional money from Western governments and the Inter-American Development Bank.

The preliminary agreement also stretches out for 20 years $43.7 billion of debt that was refinanced last year. It also stretches out $8.6 billion in loans Mexico received in 1983 and 1984.

Mexico has total foreign debt of around $98 billion, of which about $50 billion is owed to banks.

William R. Rhodes, a Citibank executive who chairs a 13-bank negotiating committee on Mexican debt, said he hoped to complete details of the agreement by this weekend.

The committee and Mexican negotiators returned to New York on Wednesday to continue work on the package.

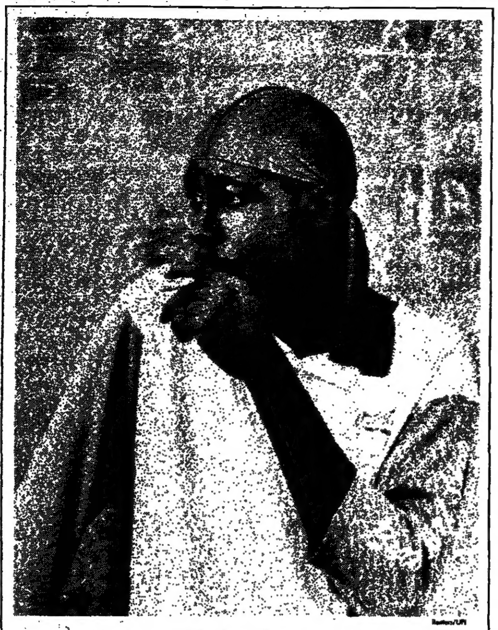
The interest charge on the entire bank package is 13/16 of a percentage point above the London interbank offered rate, believed to be the lowest rate in any recent refinancing agreement.

[As recently as Monday the negotiators were deadlocked over the interest rate, The New York Times reported.

[Starting late Monday and continuing into the early morning hours Tuesday, however, the regular negotiators temporarily bowed out of the picture. They were replaced by chairmen, presidents and other top officers from the 15 banks that are organizing the loan on behalf of the 500 lenders.

[The banking officers included John F. McGillicuddy, chairman of Manufacturers Hanover Corp., and John S. Reed, chairman of Citicorp. The meeting of the chairmen's committee, at the headquarters in Washington of the IMF, was also attended by Jacques de Larosière, who is the IMF's managing director; Paul A. Volcker, chairman of the Federal Reserve Board,

See MEXICO, Page 17



Bastoni/UPI

Dockers Strike on U.S. East Coast

Dock worker outside International Longshoremen's Association Local 1458 in Norfolk, Virginia, one of 11 ports idled in the first major dock strike to hit the East Coast in 15 years. About 30,000 longshoremen walked off the job at midnight Tuesday when their union contracts expired, backing up cargo ships from Maine to Virginia. Workers at 25 other ports agreed to delay a strike.

Moscow Wants Talks To Focus on Arms

Warns Against Unrealistic Expectations

By William J. Eaton
Los Angeles Times Service

MOSCOW — The Soviet Union cautioned Wednesday against unrealistic hopes for hastily arranged talks in Iceland between President Ronald Reagan and Mikhail S. Gorbachev next week.

But an official statement strongly implied that it would lead to a full summit meeting between the two leaders in the United States. They agreed when they first met in Geneva last November to meet again this year in America.

A Soviet Foreign Ministry spokesman, Boris Pyadyshev, said the Kremlin wanted to make nuclear disarmament the focus of the Oct. 11-12 session in the Icelandic capital.

"We are not expecting too much of it but we are not underestimating its significance," he said at a news briefing.

Referring to the history of U.S.-Soviet meetings since the 1955 summit meeting at Geneva between Nikita S. Khrushchev and Dwight D. Eisenhower, he added:

"The experience we have gained would prevent any excessive optimism but it also should preclude excessive pessimism."

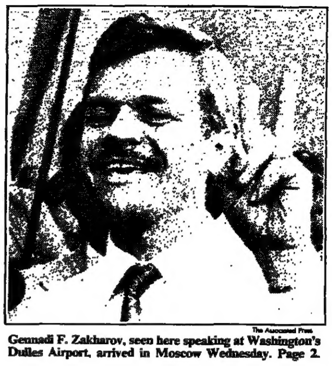
The Reykjavik, Iceland, meeting was announced Tuesday just after Gennadi F. Zakharov, a Soviet employee at the United Nations in New York, was allowed to leave the United States after his arrest last month for espionage, ending a crisis in the two countries' relations.

[Mr. Reagan's chief of staff said in Washington on Wednesday that both leaders hoped to break a stalemate, leading to an arms reduction agreement at a later meeting, Reuters reported.

[Donald T. Regan said the meeting could lead to "perhaps some give here and give there in order to reach an agreement so we get some arms reductions, some progress in human relations, lessening of tensions throughout the world."

[He said in a television interview that the meeting in Reykjavik would be a success if Mr. Gorbachev and Mr. Reagan reached a better understanding "of each other's positions, perhaps instructions to their subordinates as to how to proceed in order to reach agree-

See SUMMIT, Page 7



The Associated Press

Gennadi F. Zakharov, seen here speaking at Washington's Dulles Airport, arrived in Moscow Wednesday. Page 2.

'Peace Meeting' Is On, But Who Blinked First?

By Leslie H. Gelb
New York Times Service

WASHINGTON — U.S. officials and foreign policy experts are asking themselves three questions about the events leading to the announcement that President Ronald Reagan and Mikhail S. Gorbachev would meet next week.

First, who won and who lost in

NEWS ANALYSIS

the various releases, trades and arrangements between the two leaders?

The answer, policymakers and outside experts say, depends on whether the public comes to view the result as Mr. Reagan's getting two for one — an American journalist and a Soviet dissident in exchange for a convicted Soviet spy — or as a case of abandoning the principle of refusing to trade spies for innocent hostages.

The answer also turns on which of the two leaders believes he has the stronger personal position in their continuing test of wills.

Second, did the package represent any change or weakening from the way in which past U.S. administrations managed similar cases?

The general answer is that the Reagan administration so far has gotten less from Moscow than previous administrations in similar circumstances.

Third, who stands to gain, and who risks the most, in the encounter between Mr. Reagan and Mr. Gorbachev in Iceland?

The weight of opinion is that Mr. Reagan stands to benefit politically from what can be labeled a "peace meeting" before the November elections. But officials and experts also say he runs the risk that Mr. Gorbachev will call the meeting a failure if there is no breakthrough on arms control.

Brent Scowcroft, who served as national security adviser to President Gerald R. Ford, came closest to summarizing the response of experts in and out of the Reagan administration.

"I really don't think the administration did very well," he said. "It's apparent that the administration was prepared to pay a lot for a summit, perhaps even to the point of promising enough on arms con-

See SCORECARD, Page 7

Yuri Orlov, the Soviet dissident, is known as a clear-headed pragmatist. Page 2.

Proposed Tax-Evasion Treaty Faces Stiff Opposition

By Axel Krause
International Herald Tribune

PARIS — Major Western corporations, banks and business associations are mounting an intensive lobbying effort in Europe and the United States to block adoption of a proposed international tax convention that would give Western governments new means of cooperating in pursuing cases of illegal tax avoidance.

Officials of the groups said Wednesday that the lobbying will be aimed at member governments of the 21-nation Council of Europe, which is expected to approve the proposed convention next month.

Shortly thereafter, the 24-nation Organization for Economic Cooperation and Development is expected to recommend that the convention be submitted to member governments for signing — unless any one member blocks the move.

Switzerland has been targeted for particular attention, because as a member of both OECD and the council, it has the right to veto adoption of measures in those bodies if they conflict with what a council official described as "priority, national interests." An example was Switzerland's blocking of an OECD proposal last year aimed at reducing bank secrecy.

However, in sharp contrast to its position on the bank secrecy, the Swiss Federal Council in July, announced that while it opposed the tax convention, it would not veto its adoption by other members of the council and OECD. Their memberships include most West European countries, the United States, Japan, Canada, Australia and New Zealand.

But Switzerland, Luxembourg, Liechtenstein and possibly other countries were expected to abstain from voting on the convention, and would not sign it in any case, officials of the organizations, businesses and diplomats said Wednesday.

The Draft Convention on Mutual Administrative Assistance in Tax Matters, a copy of which was obtained by the International Herald Tribune, has been under discussion among Western governments since November 1982. Both the International Chamber of Commerce and the Business and Industry Advisory Committee to OECD submitted documents strongly opposing it.

Its purpose is to encourage the exchange of information between tax authorities in cases of suspected tax evasion by corporations and by individuals.

"We now are planning to really step up our efforts to block adoption in member countries of our organizations, including in the United States and Canada," said Timothy Nater, the ICC's director of public information in Paris.

Officials of the U.S. Council for International Business, representing U.S. corporations, said that although their tax experts were supporting the lobbying effort, it had not yet become a major issue in the U.S. business community. "We have been focusing on other questions, notably U.S. tax reform," an official of the council said in New York. In Washington, a senior U.S.

See TAX, Page 7

Family Values, Moral Issues Become Terrain of Combat in U.S. Elections

By E.J. Dionne Jr.
New York Times Service

OKLAHOMA CITY — In campaigns around the United States this fall and in comments by party officials in Washington, both Republicans and Democrats are trying to reach voters with appeals based on moral concerns and family values.

In 1980, "family, work and neighborhood" were the bywords of Ronald Reagan's campaign plea for a return to "traditional values."

In 1986, in the November congressional and state elections, many Democrats as well as Republicans are following a similar path but are raising the issues in different ways.

As the two parties try to refine their approach to these questions, the debate focuses on exactly what the government role ought to be in encouraging citizens to live by certain norms and what, if anything, government can do to strengthen families.

For Republicans, the "pro-family" approach has for more than a decade been central to their effort to build support among former Democrats and voters who are less well off.

Here in Oklahoma, the support of conservative religious activists with strong concerns about such issues was a key factor in the surprise victory of Don Nickles in his 1980 race for the Senate, and he is employing similar appeals as he seeks re-election this year against Representative Jim Jones, a Tulsa Democrat.

Now Democrats are also paying more attention to such issues, aiming in part at improving their image in states like this, where many voters have come to see the party as ignoring the everyday concerns of basically conservative, middle-class families.

This month, for example, a new policy paper drawn up by the Democratic Policy Commission, under the auspices of the party's national committee, puts "strengthening the family" at the top of its list of priorities.

At the same time, though, Democratic candidates and the panel's policy statement challenge the Republicans to support concrete programs to assist families and children, while also arguing that the Republicans are not willing to come to terms with the fact that women are not likely to leave the work force.

While many political candidates are wary of "the politics of values," since it could alienate significant minorities in the electorate, the signs of its existence are many, and include the following:

- The rise of drugs as an issue has led to calls for a crackdown not only on sellers but on users. The joint address on drugs by the Mr. Reagan and his wife, Nancy, last month, which called for creating a climate of "intolerance" toward drug use, was a sign of a sharp change from past approaches, which generally put heavy emphasis on compassion toward users and was wary of moral condemnation as a way of combating addiction.
- Liberals have shown an increased interest in policies to strengthen family life, and some, like Governor Mario M. Cuomo, of New York, have endorsed teaching "values" in public schools.

For at least a decade liberals have feared that such approaches might encroach on individual rights; now such fears coexist with a desire to appear more mainstream on family questions.

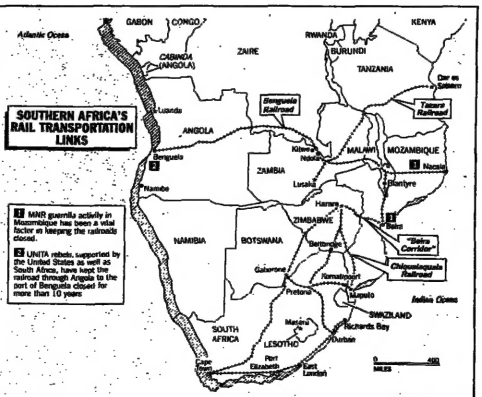
- Some rightist thinkers have shown interest in what they call a conservative welfare state, which would use public funds to strengthen families and promote traditional values. Some proposals, like a major increase in the tax exemption for children, would significantly help the less well off.
- The growth of fundamentalist Protestant involvement in politics

See VALUES, Page 7

INSIDE

AP

Manila refused to free Rodolfo Salas, the rebel leader, who met briefly with reporters. Page 2.



The Washington Post

Southern Africa's Breathing Passage

Pretoria's Black Neighbors Rush to Repair Beira Route

By Allister Sparks
Washington Post Service

HARARE, Zimbabwe — There was a moment's silence while the white executive, who works as an economic technician for southern Africa's black governments, did some rapid desk-top calculations.

Then he looked up and answered the region's crucial question. "Yes," he said, "we could survive retaliatory sanctions by South Africa, but it would require fairly massive initial assistance. I'd say $3 billion over four years."

Edward G. Cross is the key figure in the opening up of a transportation passage that will enable South Africa's neighboring black states to continue breathing if the white-ruled republic responds to international sanctions by trying to choke them to death.

He heads a nine-nation coordinating committee that is directing a crash program to reconstruct the Beira corridor, a 400-mile (650-kilometer) railroad, highway and oil-pipeline route connecting Zimbabwe's capital of Harare with Mozambique's Indian Ocean port of Beira.

The corridor is one of six outlets to the sea that the landlocked front-line states bordering South Africa have.

It and the Tazara railroad, which runs from Zambia to the Tanzanian port of Dar es Salaam, are still operative but have deteriorated badly.

The other four are inoperative because of lack of maintenance and sabotage by South African-backed insurgents.

The railroad to southern Angola to the Atlantic port of Benguela has been kept closed for 10 years by Angolan rebels.

The other three closed routes all run through Mozambique. They are from Malawi's main commercial city of Blantyre to the northern Mozambican port of Nacala, from Blantyre to Beira, and the Chiqualaquala railroad from Harare to Mozambique's southern port and capital of Maputo.

The result is that the front-line states — Zimbabwe, Zambia, Angola, Botswana, Tanzania and Mozambique — depend on South Africa's transportation network for 68 percent of their import-export trade.

It means that as they join the call for sanctions to force South Africa to abandon apartheid, they run the risk of crippling retaliation by Pretoria.

South Africa has already demonstrated its abili-

See RAIL, Page 7

French Terror Controls Stir Spain to Curb Arabs

By Edward Schumacher
New York Times Service

MADRID — The French effort to prevent bombing attacks has raised fears that many suspected Arab guerrillas may try to shift their bases to Spain, officials here say.

As a result, Spanish officials have tightened border controls and even begun to impose curbs on the many thousands of North Africans who pass through Spain to France each year.

To avoid having any of the North Africans turned back at the French border and remain in Spain, Spain is enforcing French visa requirements at the Strait of Gibraltar and other ferry points.

At the same time, the Socialist government of Prime Minister Felipe González has publicly pledged full intelligence cooperation with the conservative French government of Prime Minister Jacques Chirac.

A Spanish deputy interior minister was in Paris this week seeking to cement the relationship.

Spain, tormented by Basque separatist terrorism, has long been seeking greater international cooperation against terrorism.

King Juan Carlos I underlined the demand in a speech to the United Nations on Sept. 22, and Mr. González has repeatedly urged European councils to approve common anti-terrorist laws as a step toward a united European police and judicial front.

For years the French led the resistance to cooperation. But hit by a recent wave of bombings in Paris, the French called for strong measures at a meeting of European Community interior ministers in London on Sept. 25.

"The French understand now that their own flesh has suffered," said an aide to Mr. González, adding, "France has a lot more diplomatic weight than we do, so now maybe things will happen."

The group that has taken responsibility for the Paris bombings, the Committee for Solidarity with Arab and Middle Eastern Political Prisoners, has demanded that France free Georges Ibrahim Abdallah, a Lebanese who was convicted in Lyon of weapons possession and carrying false papers.

According to the Spanish police, Mr. Abdallah lived in Spain for nearly a year before going to France.

He left his apartment in Alcalá de Henares, outside Madrid, 10 days before his arrest in Lyon in December 1984, they said.

Josephine Abdo Sarkis, Mr. Abdallah's roommate and a suspected terrorist, left Spain days after his arrest and is now in jail in Italy.

At least one of Mr. Abdallah's brothers, Maurice, requested a visa to Spain last year but was refused, the police said.

Maurice Abdallah is now in Lebanon but is wanted by the French police for questioning in the Paris bombings. He has denied any involvement.

Spain tightened its controls on Arab travelers from the Middle East last year as a result of growing terrorism here.

In one of the latest incidents, 12 persons were wounded in June when a bomb in a suitcase exploded at the Madrid airport counter of the Israeli airline, El Al.

Spanish visa requirements have been lax as an aid to tourism, a major industry.

West Europeans, North Americans, Japanese, Moroccans, Algerians, Tunisians, Kenyans and most Latin Americans are still not required to have visas.

The government also pushed a law through parliament last year cracking down on the tens of thousands of illegal aliens here.

The law made it easier for the police to enforce work permits and to expel "undesirables."

Interior Ministry officials said few illegal aliens had been expelled, because of court appeals and the cost to the government of sending them home.

But the government has been using that law to impose the more restrictive French requirements on the Moroccans, Tunisians and Algerians crossing Spain to France.

"Those who aren't let into France create more problems for us," a Foreign Ministry official said.

Third Man in U.S.-Soviet Deal: A 'Clear-Headed' Pragmatist

By Christopher S. Wren
New York Times Service

OTTAWA — In the buoyant months after the Soviet Union signed the 35-nation agreement in Helsinki in 1975, a small group of Soviet dissidents formed a committee to monitor their government's compliance with the accord's rights provisions.

They chose as their chairman Yuri F. Orlov, a Moscow physicist active in the rights movement. His high profile made him one of the first targets when the government moved to crush the group.

Tuesday it was announced that Mr. Orlov, now 62 and reportedly ailing, would be freed after seven and a half years in prison and Siberian exile and sent abroad with his wife, Irina. His release is part of a Soviet-American agreement that was set in motion Monday with the departure of Nicholas Daniloff from the Soviet Union.

Western correspondents and Soviet friends remember Mr. Orlov as a man who applied the same pragmatism to his human rights crusades as to his scientific research.

"He was a remarkable man with a very clear head," recalled Valentin F. Turchin, a university classmate who now teaches at the City College of New York. He called the news of his friend's pending release "the happiest day of my life."

Mr. Orlov was born into a working-class family on Aug. 13, 1924, and grew up near Moscow. His father was a truck driver and lathe operator, giving the son insights, rare for a Russian intellectual, into problems of ordinary workers.

He worked in a factory and served in the Red Army in World War II before enrolling in Moscow University, where he joined the Communist Party and graduated with a physics degree in 1952.

His career at the Institute of Theoretical and Experimental Physics was cut short by his compulsion to speak his mind.

In 1956, after Nikita S. Khrushchev had denounced Stalin at the 20th Party Congress, Mr. Orlov proposed that those responsible for carrying out Stalin's excesses also be brought to account. Within days, Mr. Orlov was expelled from the party and lost his job.

After six months without work, Mr. Orlov found another job in Yerevan, in the Soviet republic of Armenia. He obtained a doctoral degree in 1963 and became an expert on particle acceleration.

Mr. Orlov drifted into human rights activities soon after returning to Moscow in 1972. In 1973, he wrote Leonid I. Brezhnev on behalf of Andrei D. Sakharov, the physicist who had also been gaining disfavor with the authorities. Within a few months Mr. Orlov was again dismissed from his physics job.

After the Helsinki accords had been signed, Mr. Orlov looked for a way to ensure that the Soviet Union complied, forming a watchdog committee despite an official warning that such a group was "illegal and unconstitutional."

Though an ethnic Russian, he made common cause with Jews in the emigration movement. He encouraged dissident believers to form a monitoring committee of their own. His group issued 18 documents detailing Soviet violations of the Helsinki accords before he was arrested Feb. 10, 1977.

When his case came to court in May 1978, he was given the maximum sentence — seven years in a strict-regime labor camp followed by five years' exile, or enforced residence in a designated place.

From his labor camp at Polovinka, near Perm in the Ural Mountains, he smuggled out an account of prison conditions that was printed in a Belgian newspaper in 1979.

Reports emerged that Mr. Orlov suffered from kidney, prostate and dental problems, tuberculosis, rheumatism and headaches from a skull injury. In February 1984, he was released from labor camp and exiled to Siberia, where he has been living in the village of Kobyai, northwest of Yakutsk.

Zakharov Arrives in Moscow

The Associated Press

MOSCOW — Gennadi F. Zakharov, who pleaded no contest to spying charges in a New York court on Tuesday, arrived home Wednesday aboard an Aeroflot flight and left the airport by a special exit, fellow Soviet passengers said.

The regularly scheduled flight of the Soviet airline, which Mr. Zakharov boarded in Washington, arrived in Moscow at about 10 A.M., but he did not emerge from normal customs channels.

Mr. Zakharov, 39, was ordered to leave the United States under the accord that freed the American journalist, Nicholas Daniloff, who had been charged by the Soviet Union with spying.

The plea of no contest meant that he was not admitting guilt or pleading innocence. Mr. Zakharov, a Soviet employee at the United Nations arrested Aug. 23, told the judge he understood the agreement and said his plea was voluntary.

John Parkin/The Associated Press

Miners and union officials carried a symbolic coffin and sang black nationalist songs Wednesday at a memorial service in Johannesburg for the workers killed Sept. 16.

South Africa Miners Strike Over Fire

The Associated Press

JOHANNESBURG — About 325,000 black miners stayed away from work Wednesday to mourn 177 workers killed in a gold mine fire, union officials said. It was the largest protest ever among the nation's nearly 600,000 black miners.

The Chamber of Mines, the industry organization, called for whistles to be blown at noon, followed by five minutes of silence in 100 mines nationwide to commemorate those killed Sept. 16 in an underground fire in General Mining Union Corp.'s Kinross gold mine.

But the National Union of Mine Workers, which claims 250,000 members, called for an all-day strike. The union's general secretary, Cyril Ramaphosa, said that about 325,000 black miners had joined in the protest. Mining companies put the figure at nearly 250,000.

Jay Naidoo, general secretary of the Congress of South African Trade Unions, said 275,000 workers in other industries had taken part in memorial services, many of which included one-hour stoppages.

The high death toll in the disaster was blamed on toxic fumes that investigators suspect may have come from polyurethane foam used to line the tunnel walls at the Kinross mine, which is 60 miles (100 kilometers) east of Johannesburg.

President Pieter W. Botha, meanwhile, declared that the concept of separate residential areas for different races would not be abandoned in his lifetime.

Mr. Botha, speaking in East London to the Cape province congress of his National Party, said he would consider only limited deviations from the Group Areas Act, which designates where whites, Asians and people of mixed race may live.

■ Police Kill 2 Suspects

Two suspected guerrillas of the African National Congress were killed Tuesday in a gun fight with the South African police, the police said Wednesday as reported by Reuters. A white policeman was wounded, a police spokesman said.

The police were tracking gunmen who attacked a farm Monday in the Ubombo district of Natal province, the spokesman said.

■ U.S. Vote on Sanctions

The Senate will vote Thursday on whether to sustain President Ronald Reagan's veto of a bill calling for new sanctions against South Africa, Senator Bob Dole said Wednesday as reported by United Press International in Washington.

WORLD BRIEFS

Morocco Denies Reports of Mutiny

PARIS (Reuters) — The official Algerian news agency APS said Wednesday that two Moroccan regiments mutinied last month near the Western Sahara, but a senior government source in the Moroccan capital of Rabat denied the report.

APS quoted a Moroccan Army deserter as saying the 3d and 6th Moroccan mechanized infantry regiments stationed at Zag, in southeast Morocco near the Algerian border, mutinied over "lack of food and water, combined with a permanent state of fear and psychological and moral distress." The news service said the mutiny explained why Crown Prince Sidi Mohammed, King Hassan II's elder son, visited the area in the first week of September.

The Moroccan source called the report an invention of Algerian propaganda designed to discredit Morocco after the visit of Prime Minister Shimon Peres of Israel in July. Since that visit, Algeria has been strongly critical of Hassan.

French Cameraman Freed in Beirut

BEIRUT (Reuters) — Jean-Marc Sroussi, a French television cameraman who was kidnapped Sunday in West Beirut, was freed Wednesday, the French Embassy said.

"I can confirm he is free," an embassy spokesman said. "Further details will be given by the Ministry of Foreign Affairs in Paris."

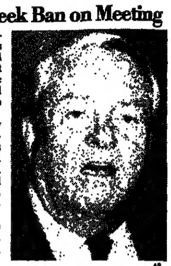
The free-lance cameraman was kidnapped as he crossed by car from East Beirut, which is predominantly Christian, to the mostly Moslem western sector. Media reports said that Mr. Sroussi had been going to West Beirut to try to find his assistant, Fuad Suleiman, who is missing.

Le Pen Attacks Greek Ban on Meeting

ATHENS (Reuters) — Jean-Marie Le Pen, the leader of France's ultrarightist party, the National Front, said Wednesday that Greece's banning of a conference of European rightists was illegal and that he would take the case to the European Court.

The police took strong security measures as Mr. Le Pen met privately with six rightist colleagues from the European Parliament in the parliament's office in Athens. The government last week banned a conference by delegates from France, Italy and Greece in Salonika.

At a press conference, Mr. Le Pen described the previous Greek government as inhuman for jailing members of the military junta that was overthrown in 1974 and he called for their release.



AP

Jean-Marie Le Pen

First Flight in Sudan Airlift Delayed

KHARTOUM, Sudan (AP) — Organizers of an emergency airlift to aid famine victims in southern Sudan postponed their first flight at the last minute Wednesday, citing "technical difficulties." Rebels in the area had threatened to shoot the plane down.

Staffan de Mistura, head of the Sudan office of the UN World Food Program, said an hour before the flight of Operation Rainbow that it had been delayed. He said he hoped the airlift, which is funded by 11 international donors, could be made Thursday.

UN experts say as many as three million people are near starvation in the south because of a prolonged drought and the civil war. Rebels, who downed a civilian passenger plane in August, killing 63 people, threatened to shoot down the relief plane unless it took supplies to rebel-held areas, which the government refused to allow. Mr. De Mistura declined to comment on whether the delay had anything to do with the rebels' threat.

Carter Turns 62, Is Praised by Reagan

ATLANTA (AP) — Former President Jimmy Carter celebrated his 62d birthday Wednesday with the dedication of the Carter presidential center and a visit by President Ronald Reagan, who praised his former political adversary.

Mr. Reagan acknowledged his deep political differences with his predecessor but praised him for his faith and hard work. "You gave yourself to your country, gracing the White House with your passion and intellect and commitment," he said.

Mr. Carter said: "As I listened to you talk, I understood more clearly than I ever have in my life why you won in 1980 and I lost." Mr. Reagan and his wife, Nancy, were given a private tour of the Carter Presidential Library and Museum, which was built on a hill east of downtown Atlanta.

For the Record

The state of siege in Chile, imposed last month after an attempt to kill President Augusto Pinochet, could soon be lifted in parts of the country, Admiral José Toribio Merino, a member of the military junta, said Tuesday night. He said that the siege could not be lifted in major cities such as Santiago and Valparaiso, however, because of continuing investigations there. *(Reuters)*

The Texas state legislature ended a special summer session Tuesday aimed at dealing with the state's $2.8-billion deficit by approving $582 million in spending cuts and $872 million in tax increases. The state Senate wrapped up its second summer special session on Tuesday, voting on the measures that earlier had been approved by the House. *(AP)*

Vietnam dismissed a Pentagon report suggesting that U.S. servicemen were still being detained in Indochina. An official said Wednesday that Hanoi had "stated on several occasions that there are no living American prisoners in Vietnam." *(AFP)*

• • •

Travel Notes

■ **People Express Airlines will halt service to Miami;** New Orleans; Fort Myers, Florida; Birmingham, Alabama; and Omaha, Nebraska, on Oct. 21 in a cutback linked to its purchase by Texas Air Corp. *(AP)*

Manila Balks At Rebel Call To Free Chief

By Seth Mydans
New York Times Service

MANILA — The arrest this week of the Communist leader Rodolfo Salas appeared Wednesday to have put in jeopardy the cease-fire talks on which President Corazon C. Aquino has based her counterinsurgency policy.

Mrs. Aquino met Wednesday morning for nearly two hours with her national security council, including Defense Minister Juan Ponce Enrile, who has argued for stronger military action against the insurgents.

After the session, her press secretary, Teodoro Benigno, quoted Mrs. Aquino as saying, "The government keeps the door open for a cease-fire."

But the New People's Army, the armed wing of the Communist Party of the Philippines, charged in a statement that "the military is revving up its forces to launch an all-out military campaign."

Rebel spokesmen demanded Tuesday the release of Mr. Salas before negotiations could continue. The government ruled out a release.

The Ministry of Justice formed a panel to prepare charges against Mr. Salas. Charges were also to be prepared against his wife, Josefina Cruz, and his aide, Jose Concepcion, who were arrested with him on Monday.

Lawyers for Mr. Salas said they planned to file a petition for his release, citing the government's failure to bring charges within 18 hours of his arrest, as required by law.

Ramon Mitra, one of the government negotiators, who had said Monday that he expected a cease-fire agreement this week, played down the arrest, saying it did not violate the spirit of the talks.

"We never complained that while we were talking they were ambushing scores of our soldiers in the provinces," he said.

He said the question of Mr. Salas's release "could even be part of the agenda" if talks resumed.

Mr. Salas was described by Mr. Benigno as the chairman of the outlawed Communist Party. In announcing his arrest on Tuesday, the military identified Mr. Salas as head of the party's military wing, the New People's Army.

According to some unconfirmed reports, Mr. Salas lost his party leadership job in a dispute this summer over the party's decision not to have joined in the military-civilian revolt that led her predecessor, Ferdinand E. Marcos, to flee the Philippines in February.

Reporters were permitted to talk with Mr. Salas on Wednesday afternoon for less than two minutes at a military camp where he was being held.

He said he had been questioned continuously for 20 hours but that "I was not harmed."

Pakistan Says Hijackers Were on Suicide Mission

The Associated Press

ISLAMABAD — The four gunmen who seized a Pan American jet in Karachi last month were on a suicide mission with the possible intention of blowing up the plane in the air, a Pakistani government official said Wednesday.

A Foreign Office spokesman said the investigation into the Sept. 5 hijacking had revealed evidence that the terrorists intended to destroy the plane and kill its 389 passengers and crew members.

"There is now an indication they would have blown up the plane in the air," said the spokesman, who declined to be named.

He declined to provide details, saying the investigation was still in progress.

The hijackers seized the plane as it was loading passengers. The three-man crew escaped soon afterward, immobilizing the aircraft.

According to witnesses, the 16-hour incident ended as passengers escaped when the terrorists began to detonate hand grenades and opened fire. Twenty passengers died.

The spokesman said many questions were still unanswered because the suspects had been maintaining "a hard silence" and deliberately misleading interrogators.

He said the men had reconciled themselves to dying and appeared indifferent to the death sentences they face if convicted.

"The hijackers have a rather suicidal approach to the whole issue," he said.

It has been established that the four men entered Pakistan on false passports from Bahrain and other unspecified Gulf nations and that others preceded them to obtain weapons and information used in the hijacking, the spokesman said.

He said a fifth man in custody, identified as Salman Taraki, appeared to have been involved and that his Libyan passport seemed genuine.

Mr. Taraki was said to have told security officials that he worked for the Libyan government, but the spokesman said he was employed by a Libyan shipping company. The spokesman said later that a sixth suspect had been detained.

The hijackers were "trained and sent by a militant and extremist group," but the Pakistani government is not willing to identify the group or say if it was linked to any country, the spokesman said.

DEATH NOTICE

Mr. and Mrs. Gérard Souham
Mr. Yan Souham
Mr. and Mrs. Philip Souham
Mrs. Doyle Haddon
regret to announce the death of
Glenn SOUHAM

The burial took place September 29th.
A Mass will be held October 7th simultaneously at Notre Dame de Grâce de Passy, 1 rue de l'Annonciation, Paris 16th and Holy Trinity, 3514 "O" Street (at 36th St.), Washington, D.C. Churches at 6:00 and 1:00 p.m. respectively.

Senate Passes Drug Bill, But Funding Must Await Overall Spending Vote

By Edward Walsh
Washington Post Service

WASHINGTON — The Senate has overwhelmingly approved a major anti-drug program but left unanswered the critical question of how to pay for it.

The measure, which differs significantly from the House-passed anti-drug package, was approved Tuesday, 97-2, after the Senate adopted a nonbinding resolution pledging not to cut other programs to fund a national war on drugs.

The nonbinding resolution on funding, the last issue to be resolved in the Senate drug bill, was adopted at the insistence of Senator Lowell P. Weicker Jr., a Connecticut Republican, who threatened an end-of-session filibuster if other programs were cut.

The bill increases penalties for dealing in drugs and steps up federal law enforcement efforts.

House and Senate leaders said Tuesday night that they expected to convene a conference committee to try to resolve differences between the $1.4-billion Senate bill and the more ambitious House measure, which would authorize about $1.7 billion in anti-drug programs in fiscal 1987. Leaders of both houses said there was enough time in the congressional session to work out the differences.

A conference would not only have to deal with the different funding levels but with several other emotional issues involved in the election-year rush to enact anti-drug legislation.

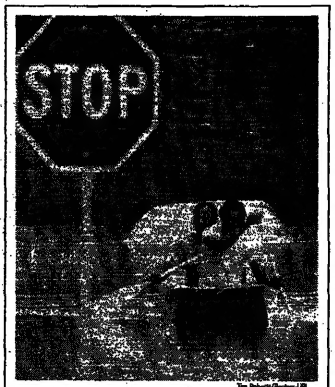
These include use of the death penalty in some drug-related murder cases, relaxation of rules against use of illegally obtained evidence in court and deployment of U.S. military forces in drug-interdiction efforts. These provisions are in the House bill but absent from the Senate measure.

Senate leaders were unable to explain where the money would be found, delaying the issue until Congress adopts an omnibus spending bill to fund all government programs in the fiscal year beginning Wednesday.

The majority leader, Bob Dole, a Kansas Republican, said there was little sentiment to raise taxes to pay for the program and that he hoped it would not require Congress to exceed its budget limits for fiscal 1987.

As a "last resort," Mr. Dole said, he would support using some of the funds from the temporary windfall to the government next year in the first year under tax-overhaul legislation awaiting President Ronald Reagan's signature.

Senator Mack Mattingly, a Georgia Republican, who was supported by Senator Dole, said he would insist that the Senate accept the House's death-penalty provision.



Tim Roberts/Reuters-UPI

FLOODS SWAMP CENTRAL U.S. — Residents of Kingfisher, Oklahoma, paddling through the streets after storms that caused flooding in eight states. A Wisconsin dam was near the breaking point, and 2,100 families were driven from their homes in Illinois.

U.S. Government Shutdown Averted

By Jonathan Fuerbringer
New York Times Service

WASHINGTON — A shutdown of U.S. government operations has been averted as the House of Representatives and Senate approved a stopgap appropriations bill that extends financing of operations for eight days.

Aides to President Ronald Reagan said Tuesday night that he would sign the bill, preventing the government from closing down Wednesday on the first day of the fiscal year 1987.

The bill, which temporarily extends all activities at their 1986 levels, was approved 315-101 in the House and by a voice vote in the Senate.

Meanwhile, negotiators settled most of their differences over weapons and money ceilings in the bill establishing and extending military programs for the fiscal year 1987.

But several key issues, including House-approved arms-control provisions opposed by Mr. Reagan, the MX missile and a smaller, mobile missile, were left unresolved, with further talks scheduled.

The announcement Tuesday that Mr. Reagan and Mikhail S. Gorbachev, the Soviet leader, would meet next week in Iceland appeared to put pressure on the House to back off on its arms-control provisions, but Democratic leaders said publicly that they would not yield.

According to a spokesman, the ceiling for the overall military programs bill is $291.1 billion, which is just about $1 billion below the level set in the congressional budget resolution for 1987.

In other issues, a compromise was reached to include one new Trident submarine at a cost of $1.5 billion. The lawmakers also agreed to provide full financing for the Stealth bomber, which is designed to evade radar; a $268-million payment to the National Aeronautics and Space Administration by the Pentagon for use of the space shuttle; and $411 million for a jet fighter competition that is designed to keep the Northrop F-20 in the running.

Money for the military programs comes in separate legislation, which is now included in a comprehensive appropriations bill. But the negotiators from the two armed services committees are hoping that the appropriations committees will follow their agreements.

As the House and Senate were passing the stopgap bill, they were also working to clear up the major pieces of legislation they want to approve before adjourning for the year sometime next week.

The Senate continued to debate a $556-billion, full-year comprehensive appropriations bill, which includes all 13 separate bills needed to finance the government.

Another group of conferees worked on a 1987 deficit reduction bill. The House approved a $15.1-billion package while the Senate version is $13.3 billion.

Status of Major Legislation

United Press International

WASHINGTON — Here is the status of major bills moving through Congress before adjournment:

Continuing resolution: The House and Senate have approved a temporary resolution to provide money for federal departments and agencies for one week and keep the government from going out of business at midnight Tuesday.

Budget: The Senate and House have passed spending cuts — the Senate $13.3 billion and the House $15.1 billion — to bring Congress in line with the budget. Conference subcommittees are working on a compromise.

Debt ceiling: The Senate and House have adopted legislation increasing the debt ceiling. The House must work out a compromise with the Senate bill.

Drugs: The Senate has approved a $1.4 billion anti-drug bill and sent the measure to conference.

South African sanctions: The House has overriden President Ronald Reagan's veto. The Senate is to vote Thursday on limiting debate on the measure.

Hartman to Leave TV Show

The Associated Press

NEW YORK — David Hartman, the television personality, will leave "Good Morning America" in February after 11 years on the news and entertainment show, Capital Cities ABC Inc. announced Wednesday.

Plan to Move Argentine Capital Flatters but Frightens Frontier

By Bradley Graham
Washington Post Service

VIEDMA, Argentina — Patagonia, the region that runs down the vast, jagged, sparsely populated landscape of southern Argentina, is not a desert of sand or gravel but of thorny gray-leaved thickets, squatting low against the raw force of an incessant wind.

In this rugged frontier, long a font for Argentine dreams but never the object of much settlement, President Raúl Alfonsín wants to build a new national capital, a plan that has stirred much debate between those who think it bold and those who call it folly.

Residents of two riverside towns who suddenly learned in April that their area had become the president's choice for the new federal district have found the unsought attention both exciting and unsettling.

Most of these residents support the need to move the capital from congested Buenos Aires, with its metropolitan population of eight million. But they remain skeptical, as do many Argentines, that it can ever be done. And if it is, they worry about damage to their pristine Patagonian existence.

Transferring the capital is now the centerpiece of Mr. Alfonsín's program for shaking Argentina out of its decades-long slump and sparking a pioneer dynamism. The move, rather than a mere shifting of real estate and personnel, is meant to herald a national rebirth, what Mr. Alfonsín has dubbed the "second republic."

It is intended to redress historic imbalances of power and wealth with a new pole of development in the southern wilderness. It may also help in reducing the swollen ranks of government bureaucracy.

"Alfonsín wants to pass into history not as the president who defeated inflation, but as the president who occupied Patagonia," said Osvaldo Alvarez Guerrero, the governor of Río Negro province in Patagonia and a member of the president's Radical Party. "He is very committed to this project."

Congressional approval of the plan is still not assured. Opposition Peronists would prefer to locate the new capital in one of the northwestern provinces that they control.

Paying for the project could also prove a serious stumbling block, given the country's $50-billion foreign debt.

Government officials, who are hoping for World Bank and other international financial assistance, estimate that public-sector costs could reach $1.6 billion over a planned 10-year construction period. An equal amount is expected in private investment.

AP

Having quieted objections from his own economic advisers, Mr. Alfonsín is determined to complete the first phase of construction in time to hold the 1989 presidential inauguration at this site along the Negro River, 500 miles (800 kilometers) south of Buenos Aires.

Local residents, while flattered to be a focus of attention, fret about the possibility of losing the tranquility, the small-town familiarity and the clean river water they treasure.

"When confronted by progress, we fear losing our sense of intimacy and a mountain of other sentimental things," said Adrian Iribarren, a cattle rancher who was born in Viedma 53 years ago. His wife, Isabel Maria, added: "We don't lock our house or cars now, but that will probably change."

Another lifelong resident of Viedma, Mayor Juan Cabalieri, is preoccupied with the kind of social ills that plague his counterparts in bigger cities.

"We're really concerned about a lot of homeless people drifting down here and creating a serious social problem," he said. "Several families have already arrived. We're preparing a publicity campaign to tell people there is neither new housing nor work here yet."

Public administration is already the biggest employer in Viedma, a two-movie-theater town of about 35,000 that is the capital of Rio Negro province. Carmen de Patagones, a somnolent cow town on the other side of the river, has about 15,000 inhabitants.

Both communities would be incorporated into the proposed 1,780-square-mile (4,620-square-kilometer) new federal district, becoming suburbs of a core capital complex that is to be built on what is now flat grazing land about six miles east of downtown Viedma.

The government plans to expropriate the land it needs, paying the prices that existed before Mr. Alfonsín's surprise announcement to discourage speculators.

But many landowners, proud of having battled the wind, the dryness and the isolation to settle homesteads, do not want to part with their properties and are threatening lawsuits.

Government planners envision a modest capital of low-level buildings set in open spaces under Patagonia's broad blue sky, resembling Bonn more than Brasilia in ambition. The population is expected to remain under 400,000, nothing like the 10 million people who crowd the Buenos Aires area.

Buenos Aires, after making its peace with the provinces, became the federal capital in 1880, confirming the city's growing power then as collector of port tariffs. The tariffs were the only substantial and readily available source of income for the national government during most of the 19th century.

Buenos Aires came to dominate Argentina, setting its political agenda, running its economy, editing its newspapers and harboring its culture.

Internal migration on top of foreign immigration swelled the capital beyond a productive size to include one-third of the national population. Its overtaxed utilities, bloated bureaucracy and nostalgia for a golden era that ended with the 1940s have braked development.

Herald INTERNATIONAL Tribune
Published With The New York Times and The Washington Post

Clearing the Board

A bleak logjam suddenly broken, Soviet-American relations now flow with promise. That the two superpowers could loosen this tangle shows how much benefit each foresees from negotiations and how hopeful each has grown that the other shares the ambition. In the untangling itself, President Ronald Reagan and General Secretary Mikhail Gorbachev have gained momentum for their meeting in Iceland next week.

The immediate expression of this new respect is that neither government claims victory in the Daniloff affair; Mr. Reagan says he was wrong to blurt out Monday that "they blinked." Indeed, the final face-saving formula leaves no victor. The board has been cleared of a clutter of pawns so pursuit of larger stakes can resume.

Nicholas Daniloff's freedom had to be bought with the prompt release of the Soviet spy suspect, Gennadi Zakharov. But the circumstances of their release met — just barely — America's condition that Mr. Daniloff not be tainted in a straight swap. Formally, the American correspondent was set free without further answering to the trumped-up charge of espionage. And formally, Mr. Zakharov had to enter a plea of "no contest," tantamount to guilty, accept a court-ordered probation and expulsion in exchange for the release of Yuri and Irina Orlov, long-persecuted Soviet dissidents.

The condition that Mr. Zakharov's arrest was meant to dramatize — the spying by the huge Soviet contingent at the United Nations — is remanded to further negotiation. Secretary of State George Shultz, at his complicating best, says the desired Soviet staff reductions are proceeding on schedule but he will consider a few exceptions in the 25 officials ordered home last month.

This outcome resembles the unraveling of similar confrontations in the past. The extortion intended by the seizure of Mr. Daniloff worked, to a degree, but the Soviet Union paid a heavy price, at least in American opinion. As long as the larger Soviet-American relationship remains promising, both sides are likely to tread more carefully even as the American pressure to reduce United Nations-based spying continues.

What, then, is driving the two leaders to meet so soon in Iceland? Surely what Mr. Shultz, speaking for his usually tough-hanging president, calls the "tremendous effort" of both sides to move toward significant agreements — in arms control and perhaps also the resolution of regional conflicts, human rights and trade. Measures to reduce the risk of hostilities in Europe are agreed upon and a reduction in Euromissiles is said to be at hand. Such progress is heartening, but the key breakthrough would be a broad, conceptual agreement to coordinate reductions in strategic nuclear weapons with restraints on missile defenses.

Mr. Reagan, having recognized the link between offense and defense, was wise to accept Mr. Gorbachev's suggestion that they try to invigorate the multiple negotiations. Neither side wanted an interim meeting without firm agreements, but their comments Tuesday suggest that the leaders prefer to delay the intended exchange of visits until they can appear in Moscow and Washington in the glow of achievement.

If the Iceland meeting can hasten more accords, the compromise that resolved the Daniloff-Zakharov confrontation would be applied on a vastly larger scale. Especially in arms control, only agreements that satisfy both sides and leave neither claiming victory are likely to last.

— *THE NEW YORK TIMES.*

If something had to be paid, and it did, then the United States came out of the Daniloff affair better than it looked for a while. Nicholas Daniloff was freed without a trial — "vindicated," as he put it — although the nasty precedent of hoking up spy charges against a journalist remains. One of the great moral lights of the Soviet Union, the dissident Yuri Orlov, is also due to be freed. Progress was made, though more is needed, on clamping down on Soviet spying at the United Nations. Ronald Reagan got the early summit meeting he was after — it is to be called a preparatory meeting — without meeting Mikhail Gorbachev's pressure-cooker condition of prior assurance of an arms control agreement.

In return, like all accused Soviet spies before him, Gennadi Zakharov goes home, but only after a no-contest plea that equates with guilt. Moscow keeps alive the issue of UN staffing for presentation at the Reykjavik meeting. General Secretary Gorbachev also gets the opportunity, in Iceland, to press further his arms control case.

The incident already has become established in hard-line lore as one of the more unforgivable American humiliations since the war. A broader public, however, is likely to be respectful of Mr. Reagan for finally avoiding any strict equivalence between the two prisoners and for handling the Daniloff case in a way that does not seem to prejudice pending negotiations.

Certainly there is no call to regard this sequence of events, as some do, as a healthy and timely demonstration of damage control. The chemistry of great-power relations, and of Soviet and American politics as they affect those relations, is too unpredictable for such a sanguine reading. It is enough that the search for substantive agreement, which is far more important than simply movement toward a summit meeting, can be resumed.

Iceland: One hopes it turns out to be an ironic name, not an apt name, for a Soviet-American meeting place. There has been much talk of whether one side or the other needed a summit meeting at all, or needed one more. This essentially tendentious question must now yield to specific planning, in a very short time, for a session that will serve American interests.

At this second meeting of the two leaders, getting acquainted and touring the horizon are inadequate goals. The circumstances and especially the early date argue for a businesslike tone, a short agenda, an emphasis on the practical as opposed to the conceptual and, as always, an absence of illusions. In wrapping up the Daniloff affair, President Reagan and Secretary of State George Shultz were at pains to treat the Soviet Union as a competent negotiating partner with whom further business could be done. That is the test at Reykjavik.

— *THE WASHINGTON POST.*

Other Comment

A Foothill Before the Summit

In light of the coming rendezvous in Iceland, the Zakharov-Daniloff affair looks like a boys' prank played by the secret services. At best it was a case of inadequate policy coordination. A spy who has been caught can be expelled when high policy requires it; he does not have to be exhibited like a trophy. And hostage-taking, on the other side, is not an acceptable procedure.

Are we back to business as usual? Not quite. Mr. Reagan and Mr. Gorbachev have entered into an unusual political maneuver: They are meeting on a foothill in hopes of making it to the summit later on. In Iceland they will be meeting halfway, not to sign an agreement but to let reason win out.

— *Süddeutsche Zeitung (Munich).*

Mr. Gorbachev needs a respite [in U.S. Soviet tensions] to consolidate his hold on the Soviet apparat, and Mr. Reagan must think of the difficult elections ahead. One may be optimistic, thus, about all that is happening. The Daniloff affair also lends itself to optimism. This grain of sand, instead of clogging up the machinery, has been digested. Europeans have reason to be pleased, at least until they rediscover their perennial dilemma — tensions between the superpowers are played out mainly on European soil, whereas détente, when it exists, enhances the role of the Big Two while reducing Europe to a spectator's role.

— *Libération (Paris).*

The two leaders may be able to narrow the gap separating the sides in one or more of the three Geneva negotiations. Some reports have suggested that they could be within reach of an agreement on intermediate-range nuclear forces. The Russians have given up the attempt to get a blanket ban on President Reagan's Strategic Defense Initiative, and Mr. Reagan has given up the attempt to have SDI excluded from the negotiations altogether. Instead, both sides are debating a temporary ban on any deployment of SDI. Similarly, there has been some convergence in the proposals to reduce long-range nuclear weapons.

— *The Financial Times (London).*

The Daniloff affair was an obstacle on the road to Reykjavik. It has now been removed by the Soviets. But they did not have to make any sacrifice — to the contrary. When their agent, Gennadi Zakharov, returns uninjured from New York to Moscow, an old Soviet recipe will have proven its value once more: Pick up an American and get a spy freed in exchange.

— *Frankfurter Allgemeine (Frankfurt).*

Few will be convinced by Mr. Reagan's emphasis upon having achieved the exchange of a spy for dissidents rather than for a journalist. Mr. Daniloff and [Yuri] Orlov are political prisoners of the same odious system, and it is no less monstrous to equate the latter with a spy than the former. What matters to the Soviet Union is that the ploy of arresting a journalist has accomplished its purpose. Mr. Shultz's remarks imply that the reduction of the Soviet UN delegation will now be quietly forgotten. As for the meeting in Reykjavik, it is scarcely a concession, since the Kremlin *(which suggested it) has nothing to lose.*

— *The Daily Telegraph (London).*

The real question concerns the legitimacy of such a trade-off. The arrest of an American journalist who obviously was not a professional spy was tantamount to hostage-taking and akin to the kind of "state terrorism" that Moscow frequently denounces. Is it permitted to hope that Mr. Gorbachev and his colleagues will now put an end to this dangerous innovation — no foreign journalist in the Soviet Union had ever been arrested and officially charged with espionage — before it becomes a detestable habit? If not, it will be not only diplomatic summits but every kind of dialogue that will be compromised.

— *Le Monde (Paris).*

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OPINION

Now for a Big Spree in the Land of the Rising Yen

By Jim Hoagland

TOKYO — Noboru Takeshita is running his own personal deficit in this year of the rising yen and plunging dollar. As the former finance minister explains it, "Every time the yen goes up, my reputation goes down."

It has been a year since Mr. Takeshita accepted on behalf of Japan the U.S.-designed Plaza agreement on currency realignment. The yen was to go up, Japanese sales to the United States were to come down and the widening trade imbalance between the world's two largest trading nations was to narrow significantly. The success was supposed to have been sweet, and shared.

Instead, while the yen has gone through the roof, the U.S. trade deficit is breaking records and Japan's surplus keeps growing. The Plaza agreement, seen as a master stroke in the United States, is increasingly seen in Tokyo as a solution to problems of the past, not of the present.

For Japanese business and political leaders, trying to solve the U.S.-Japanese trade crisis by relying on exchange-rate maneuvers is also symbolic of the deep disorders that afflict the world's trading and financial systems. These systems are so profoundly out of kilter that correcting one serious imbalance creates another elsewhere in the system.

Thus, when oil prices fall and stimulate industrial economies, Mexico and other oil-producing debtor nations are wheeled back into the financial intensive-care unit. And the Plaza agreement's initial successes are now creating new problems.

The agreement, named after the New York hotel where finance ministers of five nations agreed in September last year on joint action to drive the yen and Deutsche mark up against the dollar, seems to have underestimated the determination and ability of Japan's corporations to maintain the market share they have achieved in the past decade.

There are many factors in Japan's continuing accumulation of huge amounts of foreign exchange through trade. A $14-billion drop in what Japan will pay for imported oil this year is one.

The most striking phenomenon has to be the willingness of many manufacturers to risk shrinking profits by up to 20 percent this year so they can pursue their long-term strategy of holding onto the economic beachheads they have won abroad.

Such manufacturers are trying to hold price increases on their products in the U.S. market to about 10 percent, making up the difference in the 50-percent appreciation of the yen against the dollar through energetic cost-cutting, and reducing profit margins throughout their integrated production and sales networks for foreign markets.

While Japanese officials say that exports to the United States have fallen slightly in unit numbers, the higher prices that these products are fetching from loyal U.S. consumers keep the trade balance as measured in dollar terms at about the level it was before the Plaza agreement.

Japan's overall current account surplus is likely to reach $80 billion by the end of the year, compared to $50 billion in 1985.

The hardening of the yen has accelerated one of the greatest nominal transfers of wealth in history. It has awarded an enormous windfall, in monetary assets, to the world's second largest economy. Japan will become the Saudi Arabia of the 1980s, but a Saudi Arabia with world-class marketing skills, endurance and a modern industrial base.

Signs of a gigantic spending spree are emerging as Japanese companies move their Plaza-devalued dollars out of U.S. Treasury bonds and other paper into American real estate and business investments. And increased investment income flowing back to Japan from the United States is just beginning what will be a steady contribution to the Japanese current account surplus.

The message now being sent back to Washington by Mr. Takeshita — who, despite his jest, is actually the odds-on favorite to become Japan's next prime minister in a year or two — is that the Plaza agreement has just about reached the limits of its usefulness, without achieving the kind of visible results that the Americans said were needed to take the heat out of protectionist campaigns.

"We have been saying all along that exchange rates were not the heart of the problem," observed a senior aide of Prime Minister Yasuhiro Nakasone. "The trade figures show we were telling the truth, but we fear they will be used to say we have been lying about what we are willing to do."

The Washington Post.

Their 'New Look' Leaves Many Japanese Ill at Ease

By Hiroko Yamane

PARIS — The Group of Five meeting in New York on Sept. 22 last year included officials from France, Britain and West Germany, but it was really a landmark meeting between two economic giants — the United States and Japan.

The talks aimed to adjust the yen-dollar parity, to which Washington partly attributes the huge U.S. trade deficit. For the first time, U.S. economic hegemony was no longer uncontested, and Japan was called upon to help the United States carry out its international economic responsibilities. Prime Minister Yasuhiro Nakasone was delighted with Japan's new role as an "international state."

Given the U.S. policy of high interest rates and deficit spending, the flow of capital between the United States and Japan has become intricately interwoven. In 1984, a large part of the $49.7-billion capital flow out of Japan was attracted directly or indirectly to the United States to finance part of the $186-billion U.S. deficit. This flow further accelerated the U.S. deficit in 1985, with $148.5 billion of it, or 30.8 percent, being attributed to Japanese products.

America demands more cooperation, telling the Japanese how much they owe Americans: Japan is the biggest beneficiary of the free market economy that America defends.

No party can offer alternatives for the future, since no one is ready to take the necessary risks.

Unexpectedly called upon to play a wider international role due to its economic and financial strength, Japan seemingly lacks any ambition to create an autonomous political order based on its own ideological and military power. But meanwhile, Tokyo is making various gestures of good will to show that Japan is ready to share responsibility for the well-being of the capitalist world.

One such sign is the Maekawa report, submitted to Mr. Nakasone on April 7, just before the Tokyo economic summit. The report, "Economic Structural Adjustment for International Harmony," proposes a radical transformation of management and lifestyle for the Japanese people. The country's export surplus, it suggests, should be balanced by less emphasis on savings, more internal demand, more social investment and shorter working hours.

How have ordinary Japanese reacted to their country's "new look"? There has been no basic change in the pattern of life for the majority. Expensive food and housing make the household budget as tight as it was in the past. Thanks to the rise in value of the yen (a 45-percent increase against the dollar since the Group of Five meeting a year ago), the price of electricity has fallen slightly, but transportation expenses — for taxis and buses, for example — have increased.

There is a vague awareness that the country has become rich. Japanese tourists (whose number, thanks to the high value of the yen, has risen by 10 percent to an estimated five million for the year) tend to be less impressed than they were in the past by what they see in other countries. There is national pride in the quality of Japanese manufactured goods.

But is there no way to transfer the nationally earned and increased profits to enrich the everyday life of the Japanese? The Maekawa report is right to propose more social investment, better housing and more leisure, but it lacks concrete measures to implement such policies.

The omission does not seem to be an accident. The Japanese economy tends to enrich corporations, while maintaining low standards of living for the majority of the people. The high savings rate, although statistically in decline, is unlikely to stop playing an important psychological role in people's lives, and is considered to be the surest means of protecting them from difficulties. But while ordinary citizens save for retirement, corporations are getting richer.

Tax reform is the one way to increase social spending. But enterprises in general are against value-added tax, since such taxation, they say, would stifle their dynamism, which is identified with national strength. Another way would be to liberalize Japan's agricultural market. The Maekawa report mentions in passing that foreign products should have more access to this highly subsidized and protected market, but any changes in farm policy could be politically damaging to the government.

There is a wide gap between Japan's international role and the consciousness of its people. Its insularity fostered successive governments that were highly sensitive to outside influence, but it cultivated a culturally isolated people. When an American steamship arrived in Uraga Harbor in 1853 to open the country up after two and a half centuries of isolation, Japan transformed itself rapidly into a constitutional monarchy modeled on European political systems — but only after much national debate.

Today the Japanese people show a psychological stability. They are largely content with what they have, especially when they compare it with what they had 30 years ago — or what they imagine they would have if the Socialists or Communists took over.

This explains the recent overwhelming victory of the Liberal Democratic Party, but it also illustrates a dysfunction in Japanese democracy. No party is capable of offering alternatives for the future, because no one is ready to take the necessary risks. Any hope for altering the nature of power is paralyzed.

International Herald Tribune.

The Hostages Reagan Has Forgotten

By James G. Abourezk

WASHINGTON — When Ronald Reagan took office in 1981, on the day Iran released the American hostages that it had held for 444 days, he said, "No more American hostages." His administration later added, "No negotiation with terrorists and kidnappers." Despite bluster and denials, there have been plenty of Americans taken hostage, and Mr. Reagan has done lots of negotiating.

Given the right type of pressure, Mr. Reagan will do whatever is necessary to set Americans free. But without such pressure, such as the publicity surrounding the hijacking last year of TWA Flight 847 or the arrest of journalist Nicholas Daniloff, there is no dealing.

Take the case of Terry A. Anderson, David P. Jacobsen and Thomas Sutherland — all Americans being held by a Shiite faction in Lebanon. (Frank Herbert Reed and Joseph J. Cicippio have also been captured, but presumably by other groups. William Buckley, another American, is believed to have been killed by his captors.) No matter how hard Mr. Reagan and Secretary of State George Shultz have tried to escape the comparison between these hostages and the Daniloff case, relatives are applying pressure to win their release.

The tragedy is that even if he ultimately does own up to his neglect of those unfortunate people, it may be too late. Mr. Reagan and his handlers have simply burned too many bridges in the Arab world to be able to find help for them.

I learned something of this bitterness on a visit to Damascus in August. When I asked President Hafez al-Assad about Mr. Reagan's "quiet diplomacy," he told me it was so quiet that he had been unable to hear it. In short, no one in the U.S. government was talking to him about the American hostages.

He volunteered that his government would continue to try to put pressure on the Party of God to release the Americans, but he saw no advantage in getting more excited about them than Mr. Reagan is.

Beyond what Mr. Assad said, there is a feeling among people in the Syrian government that no matter how much they have helped in the past, with the TWA hijacking or the release of Father Lawrence M. Jenco and Benjamin Weir, they get little thanks and a lot of "Syria bashing" from the American press and the American government.

When I asked Berri if he could help with the hostages, he said, 'Yes, but I won't.'

I also met Nabih Berri, the Lebanese minister of justice and the head of Amal, the largest Shiite grouping there. When I asked if he could help with the American hostages, he said, "Yes, but I won't."

Shortly after the hijacking of TWA Flight 847 in June 1985, Mr. Berri was called by Robert McFarlane, then the national security director, and asked to help free the hostages. Although it would place him in a perilous political position in Lebanon, Mr. Berri agreed to do so without condition.

Even so, Mr. McFarlane asked what he would like in return. Mr. Berri responded, "The release of the Lebanese hostages being held by Israel in Atlit prison, and the end of the Israeli military occupation in southern Lebanon."

There is a large Shiite population in the south, and the Israeli occupation there is particularly brutal. Lebanese villagers are routinely kidnapped by the Israeli military and taken into Israel in violation of international law. Entire villages have been destroyed by the Israelis, with dozens of civilians being killed and wounded. It is an occupation much like the one in the West Bank and Gaza — forgotten by the rest of the world but very much on the minds of people in Lebanon, and particularly the Shiites.

Mr. McFarlane promised to work to accomplish both goals. Mr. Berri then intervened directly in the TWA hostage affair, eventually securing the release of all passengers.

The Reagan administration was well aware of the danger in which it had put him. But, after the hostages were freed, Mr. McFarlane denied to the press that he had made any promises to the Amal leader. He never called Mr. Berri again.

"Then I was made out to be the hijacker, and nobody in the American government, including McFarlane, raised their voice to correct the lie," Mr. Berri said.

In Damascus, Syrian Vice President Abdul Halim Khaddam said: "After the years of anti-Arab policies by the American government, the luck of those known as friends of America is not good."

Nor is it likely to get better. Despite its support for Israel, America was once viewed by people in the Arab world as a highly respected superpower. But since the Israeli invasion of Lebanon in 1982 it has become the target of militant groups seeking to eradicate U.S. influence in the Middle East. The continued assaults on innocent American civilians in Lebanon is a painful part of this strategy.

The writer, a former U.S. senator, is national chairman of the American-Arab Anti-Discrimination Committee. He contributed this comment to the Los Angeles Times.

Baker Plan: A Start, but Only a Start

By Hobart Rowen

WASHINGTON — At the highest political level in all nations, there is recognition that the huge international debt of Third World countries is depressing the global economy. In round numbers, these countries now owe about $1 trillion.

Thus, Edouard Balladur, the French minister of finance and economics, expressed his grave concern the other day. If some debtor countries "collapsed," he warned, "no one would get out scot-free."

Yet the movers and shakers among the rich nations seem frozen, fearful of any unconventional approach.

Mr. Balladur confessed that the highly publicized "Baker initiative," calling for more loans to the affected countries, is only "a half-and-half" success. But he dismissed with little more than a Gallic shrug the question of a more aggressive approach.

When the U.S. treasury secretary, James Baker, offered his proposal last year, it was embraced eagerly by other major countries. It recognized that the only real solution to the debt problem lay in economic growth, not in continued austerity.

But a year later, as the development expert Richard Feinberg says, "the Baker plan is extremely disappointing." Mr. Feinberg, originally a booster of the plan, says the plan should be measured by these standards: growth being generated in the Third World, the financing offered to it, and the progress made by the debtors in making their own economic structures more efficient.

Some success can be seen on the third score, "but the results on growth and financing are extremely disappointing," Mr. Feinberg says.

Banks have not been eager to put up new cash. Of the 15 countries on the Baker list, only Mexico seems likely to get major new loans this year. The $12-billion Mexican loan package announced this week is, of course, being hailed as the initial success story for the Baker plan. But the commercial banks, putting up almost $6 billion in new money, were able to fend off many of the concessions Mexico struggled for. One lender said that the banks had avoided "the nasty precedent" of directly linking the loans to the drop in oil prices.

Yet Mr. Feinberg says that the Mexican agreement will not yield the kind of result that the Baker plan contemplated — a spur to economic growth — but in its overall approach is really compensatory financing for the collapse of Mexico's oil revenues, by $9 billion just in 1986.

The new package will add to Mexico's total debt of $100 billion, not reduce it. Senator Bill Bradley, Democrat of New Jersey, has a better idea — cut debt-servicing cost in the Third World by a substantial reduction in interest rates, and write off part of the existing debt.

If the banks put up $6 billion over two years, as they have been requested to do in this package, they will be getting back $13 billion in interest for an outflow of $7 billion from Mexico — just about covered by IMF and World Bank loans. "That isn't going to produce new growth in Mexico this year or next," says Mr. Feinberg.

In his deft opening address to the joint World Bank/IMF annual meeting, the new World Bank president, Barber Conable, endorsed the Baker concept. But he noted that "in too many nations, too many resources meant for development are being diverted into debt service."

That is why, for most of the 15 Baker countries, 1986 has been a big disappointment, with aggregate growth rates at less than 2 percent, down from 3.2 percent in 1985. Mr. Feinberg thinks the Bradley plan should be blended with the Baker plan to help those most in need.

A timely reminder that the debt of Africa is "the forgotten debt" comes from John Cavanagh and Fantu Cheru of the Institute for Policy Studies. For 29 desperately poor African countries with $45 billion in debt, this is a staggering burden.

At top levels in the IMF and the World Bank, the Bradley plan is still officially resisted because it might encourage countries able to service their debts to take an easy way out, seeking cancellations. But privately, some officials say that debt relief eventually will have to be introduced. Finance Minister Kiichi Miyazawa of Japan is the first official of his rank to say publicly that the Bradley approach cannot be ruled out.

"The Bradley plan is not unsound," said a World Bank official. "If we can get past Mexico, in a couple of years perhaps we could use the Bradley plan where it's needed."

But can the worst-case debtor nations wait a couple of years?

The Washington Post.

IN OUR PAGES, 75 AND 50 YEARS AGO

1911: The Wrights' Stuff

NEW YORK — The Messrs. Wright, who have been experimenting quietly for months and avoiding air contests and public exhibitions, have begun preparations for testing their new aeroplane, which, I understand on best authority, if successful, will revolutionize the prevailing types. The new machines are really aeroplanes without propellers. The brothers have been engaged in perfecting a device to apply the power to movable wings in imitation of bird flight, and dispensing with the motor-driven screw entirely. They believe they have succeeded. To-day [Sept. 30] Mr. Wilbur Wright appeared at Kitty Hawk, North Carolina, the Messrs. Wright's experiment ground, and began the erection of a camp. Several models of the new aeroplanes will arrive in a few days, and the testing of the new device will commence forthwith.

1936: A Hypnotic Cure

ATLANTA — Hypnotism gained praise [on Oct. 1] as a preserver of happy marriages, as well as a moral force of little-tested possibilities. Professor H.W. Martin, of Emory University, announced to the world that he had succeeded in curing a wantonly lovesick swain through use of glaring eye and persuasive gestures. The professor told how a man came to him with the complaint of infatuation for another man's wife. "When the man first talked with me, he was nervous, irritable and worried over the strange malady which had been breaking his slumbers. I would not have been surprised to see him jump through my office window," he said. "I put him into a trance and quieted him down. I gave him a good old-fashioned moral lecture on the consequences of evil and showed him the way to get free — all in a trance."

OPINION

In the Rush to Crack Down On Drugs, a Dangerous Bill

By Anthony Lewis

BOSTON — The spectacle of the past month in Washington has been the gadarene rush of politicians to the drug issue. Democrats in the House of Representatives vied with President Reagan and his followers for the most ferocious posture in the crusade against drugs.

So it has been a reassuring surprise to find the Senate trying to act responsibly on the issue. Senators of both parties have worked to limit political hysteria and produce a bill that would not hurt civil liberties and not actually impede drug law enforcement. It remains to be seen whether the bill, approved Tuesday in a 97-2 vote, will prove successful.

The House, with its large membership, falls periodically into fits of atavistic politics at the end of sessions. I saw it happen 30 years ago, when conservatives pushed through bills to punish the Supreme Court for constitutional decisions on race, free speech and fair criminal procedure. The Senate majority leader at the time, Lyndon B. Johnson, managed to block them.

The idea of minimum jail sentences for drug dealers backfired in New York.

Public concern about drugs, whipped up by politicians and the press, provided an excuse to target the Supreme Court and the Constitution again this year. One section of the House bill would cut back the rule, laid down by the court more than 70 years ago, that illegally seized evidence must be excluded at trials. The provision would apply in all criminal cases, not just drug trials.

The House called for use of the armed forces in enforcing drug laws, a huge breach of the line between military and civilian affairs. And the bill imposed the death penalty for certain drug offenses.

In the Senate, moderate Republicans joined many Democrats in opposing such provisions. Daniel Evans, Republican of Washington, warned against "a sanctimonious election stampede that will trample our Constitution and will not effectively get at the drug problem."

Senate leaders, recognizing that they could not get a bill past a filibuster if it offended significant numbers of senators, agreed to a bipartisan text.

But there is still a question of effectiveness about a major section of the legislation, which now must be sorted out by conferees from the two houses. That is a set of provisions increasing the punishment for drug offenses and imposing mandatory minimum sentences.

The House bill, for example, provides that anyone convicted of selling 100 grams or more of a "compound containing a detectable amount of cocaine freebase" ("crack") shall be sentenced to a minimum of 10 years in prison — with no possibility of probation and no suspended sentences. The Senate bill also includes minimum sentences.

The doubt overhanging the idea of fixed minimums is the failure of the Rockefeller drug law in New York state. That was the legislation, proposed by the late Governor Nelson Rockefeller and enacted in 1973, that sought to get tough on drugs by sending sellers and users to prison for long terms.

A distinguished committee in New York evaluated the Rockefeller law. Its report, published in 1977, found that the law had not reduced the use of drugs or the level of crime associated with drugs. The rigidities of the law had worked against making it an effective deterrent.

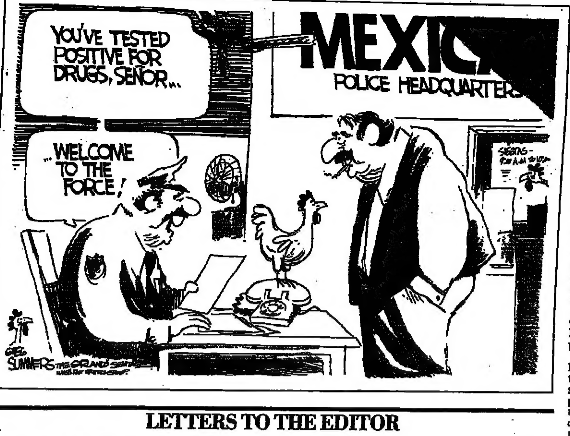
The Rockefeller law prohibited plea bargaining. A person charged with any drug offense was forbidden to plead guilty to a lesser offense. The result was more trials, more expense — and no tougher dispositions on average. Juries were reluctant to convict, and prosecutors to prosecute, in cases where the penalties seemed much too high.

Members of the House and Senate, familiar with the Rockefeller experience, have not banned plea bargaining in the pending drug bills. But could accused persons in fact escape the new minimum sentences by pleading guilty to lesser offenses? That is doubtful. It depends on decisions to be made by the Federal Sentencing Commission, which is charged by Congress with proposing uniform sentencing structures by April.

The larger doubt is whether the criminal law can solve the United States's profound drug problem. The New York committee said in 1977 that drug use "is incontrovertibly deeply rooted in broader social maladies." It referred to "broken families, unemployment, poor income and education, feeble institutional structures and loss of hope."

"It is implausible," the committee added, "that social problems as basic as these can be effectively solved by the criminal law." After years of increasing drug use and decreasing federal effort to deal with the social problems, it is even less plausible.

The New York Times.



LETTERS TO THE EDITOR

UNESCO Crisis: Blame the Iceberg, Not the Skipper

Regarding "To Salvage UNESCO, Change the Skipper" (Oct. 1):

If UNESCO needs salvaging, a hypothesis with which the organization's member states may well disagree, it might be more accurate to blame the iceberg rather than the skipper. That iceberg, of course, is the crisis facing the entire United Nations system, which only began with the United States's withdrawal from UNESCO.

It is useful to recall that the United States, and later Britain, withdrew from UNESCO explicitly over political disagreements with its activities. Mr. M'Bow was elected director-general in 1974 and re-elected unanimously and by secret ballot in 1980, with the support of the two countries that departed in 1984 and 1985. Have UNESCO's member states, including the United States and Britain for most of the period, been blind these last 12 years?

The present executive board session is coming to conclusions that directly contradict Julian Behrstock's somber portrayal of morale in the UNESCO house. Pointing to the fact that Mr. M'Bow has reduced UNESCO staffing by 800 posts, with only two seperations and four cases of reassignment still under review, UNESCO's administrative oversight body explicitly praised "the harmonious and humane" methods employed. Now faced with its own crisis, the United Nations has recognized the efficacy of UNESCO's measures by sending an expert mission to learn how they were developed and applied.

What is at stake at UNESCO are issues in education, science, culture and communication, where points of view divide, East and West, North and South, and often within geopolitical entities. It is a simplification of the past and the present to place the tensions that divide our planet onto the personality of one individual. Four out of six directors-general of UNESCO have been compelled to step down or to abandon their candidacies for re-election because of fundamental policy disagreements between member states. The debates nonetheless have continued unabated for almost 40 years. These questions will not go away, regardless of who occupies the position of director-general of UNESCO. The substantive issues deserve to be the focus of calm, rational debate about UNESCO and the UN system.

Since Mr. Behrstock retired in 1976, UNESCO, the UN system and the world have changed. One hopes that he confronts these changes in his book. Strange to note, the more UNESCO takes concrete steps to solve the political and administrative problems facing it, the more certain quarters seem to wallow in despair over its future.

D. DIENE.
Deputy Assistant Director-General for External Relations and Public Information, UNESCO, Paris.

Ethnic Tyranny in Guyana

While your editorials and columnists tend to favor sanctions against South Africa, you tend to forget that South Africa is not the only country with a racist minority government.

In racially polarized Guyana, the minority blacks (less than a third of the population) rule over the majority East Indians (more than half of the population), denying them fundamental human rights, including the right to freely elect a government of their choice. Why no calls for sanctions against Guyana?

While deploring South Africa's use of terror, what is one to think about Guyana's army kicking down people's doors, raping, torturing and killing innocent people not even engaged in politics? One man, one vote in South Africa — but why not the same demand for Guyana?

B. VISHNU.
New York.

The Baboons' Leaky Shield, Or, Some Defense Initiative!

By Alan Neidle

WASHINGTON — Deep in the jungle a troop of baboons engaged in a most unusual project. They were constructing a large net that would extend over the place where they lived — a rocky clearing in the forest.

The baboons had been inspired by their leader, who had shared with them a dream. He had told them that baboons — fathers, mothers and babies — should all be free from the threat of attack from leopards. "We are capable of great achievements. We are the smartest and most talented animals in the forest.

MEANWHILE

"I call on you," the leader had concluded, "to build a shield over our homes that will make the leopard impotent and obsolete."

Accepting the challenge, a particularly brainy baboon had been appointed the czar of the project. The czar had supervised months of research into all possible ways to construct nets over the baboons' homes. He and his associates had woven nets from rushes, but these were so dense that they would have condemned the baboons to live in darkness. Then they built a net of thin vines, but when the strands dried they became brittle, and broke.

The project czar would not accept defeat, and eventually he discovered an entirely new technology. He found that there was one type of spider web that consisted of unusually strong strands. When these were braided together they formed a tough and flexible fiber.

The great construction effort then proceeded rapidly, and a large white canopy soon extended over the rocky home of the baboons.

It was time to test the structure. Several courageous baboons volunteered to leap from a nearby tree to see whether the net would hold. But the baboon czar saw immediately that none of those candidates was suitable. They were all lean, athletic and young. None was as heavy as a full-grown leopard. And so the czar surveyed the troop and found an older male baboon, once a famous warrior, who had grown obese. But he was still a staunch patriot and was easily persuaded to make the dangerous leap into a net of uncertain strength.

The baboon leader was pleased that the net would be tested, and the czar felt relieved that praise for his efforts would now be justified. After all, not everyone would have been so clever as to calculate that the baboon who jumped into the net must weigh as much as a leopard.

On the day of the test the leader and the other baboons turned out to observe. The old obese baboon hauled himself to the top of a nearby tree. The baboons of the troop watched in silence.

The old baboon leaped into space. He landed in the middle of the net. The net sagged — but it held.

The baboons cheered wildly, and the leader exercised his great skills of oratory to praise the dedication and skill of the project czar and his team. The leader had never doubted that baboons were capable of great feats of creativity.

Thereafter the baboons spent most of their time under the shield. They came to have complete confidence in it. Soon a profound change occurred in baboon life. The troop abandoned the requirement of sentry duty and all the other rigors of providing for their defense.

One day many months later a couple of leopards climbed into the tree that overlooked the home of the baboons. When they saw the large webbed canopy below them they were puzzled, never having seen anything like it before. But after a few minutes one of the leopards said, "Even if we can't see them, I know there are a lot of baboons down there."

"We haven't eaten in days," said the other leopard. "Let's jump through that thing and get a good meal."

The two leopards then leaped out of the tree and soared toward the net. They landed together and the net collapsed. Underneath, the baboons were completely unprepared. Half a dozen were torn to pieces within minutes. The slaughter was terrible.

The baboons who escaped, including the leader, were very angry. A court of inquiry was organized, and the baboon czar was placed on trial.

In his defense he simply said, "Nobody can think of everything."

The writer, a former U.S. State Department official and arms control negotiator, is a member of the Washington-based Committee for National Security. He contributed this to the Los Angeles Times.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

INTERNATIONAL HERALD TRIBUNE
100
1887
1987
CENTENNIAL

Our First One Hundred Years

By Bob McCabe

The news that day was contemporary. Fresh concern about the Russian presence in Afghanistan, for instance; reassurance on the Hungarian economy; a new threat to a U.S. president's security; a terrorist on trial for his life. Timely as those reports sound today, they appeared 99 years ago, on Oct. 4, 1887, and they were part of the first Page One of the first edition of the brand-new European Edition of the New York Herald.

A year from now, that newborn will mark its 100th anniversary. The name has changed a bit down the years, first to the European Edition of the New York Herald Tribune and finally, in 1967, to its present title, when the Washington Post and the New York Times joined Whitney Communications Company in the ownership of this enterprise. But though the name changed, the commitment never varied. Then as now, the Trib stands as a witness to its times.

There is a pleasing rightness to the number 100, marking as it does a nicely rounded accomplishment that only a few other newspapers have matched. But in this already select group, we would like to think that the Trib stands out. International now by name and for all its years by vocation, this newspaper has emphasized world news ever since its founding by James Gordon Bennett Jr., an enterprising American publisher whose New York Herald built its high reputation throughout the 19th century on its superb coverage of foreign affairs.

There have been some amazing moments along our way. In these last two decades alone, IHT readers have been stunned by stories like the landing on the Moon, the tragedy of Iran, the resignation of President Nixon and the disaster at Chernobyl. Further back, there was the death of Queen Victoria, the long agony of World War I and Lindbergh's sensational 1927 flight from New York to Paris.

In the year-long celebration of its Centennial, the IHT will keep its proper journalistic role front and center. It will continue to inform, educate and provoke. (And to amuse as well: We have not forgotten that on that first Page One, so long ago, there was a brief news item noting an onion blight in New England. Said the headline: But Beans Are Plentiful.)

We are also determined that the Centennial year will be a time to look not only to the past but to the future. To this end, the IHT is organizing two innovative Centennial conferences, the first in Paris and the second in Singapore. At these, top-ranking government officials, along with leading academic and business figures, will examine the fundamental forces in international life that will shape the coming decades. Conference attendees will come principally from the rising generation that will be leading our world in the year 2000. Advising and participating in these meetings will be those firms that have joined us as corporate sponsors of the Centennial. Among them: Louis Vuitton, Aerospatiale, Swiss Bank Corp., Nomura Securities, Air France, Montres Ebel, MasterCard International Inc., Volkswagen A.G., American Telephone & Telegraph, Inc. and Sedgwick Group PLC.

On the editorial side, a brace of projects is scheduled. One is a Centennial color magazine, called "Our Century, Our World," in which we will take a fresh and provocative look at the history of the past ten decades. Leading scholars, statesmen and journalists will contribute. Later, there'll be a special edition of the Trib itself, including a lively history of the newspaper.

There will be a trio of books as well. First to appear will be "The Belle Epoque in the Paris Herald," made up of material from the Trib archives, with text by the IHT's Hebe Dorsey. A scholarly history of the Trib's 100 years will follow. And we will also publish a Centennial picture book, including important news stories and photographs published in our columns.

To emphasize the Trib's long and cordial relationship with France, the IHT will lead a fund drive for the presentation to the people of France of a full-sized replica of the flame of the torch held high by the just-renovated Statue of Liberty in New York Harbor. French officials have promised a warm welcome for the monument at a prominent location in Paris. The drive begins this week with a reception at the U.S. ambassador's residence in Paris.

There will be other high points as the year rolls on. An elephant polo match in England, for instance, and a classic car rally in West Germany's Bad Homburg just north of Frankfurt. Special gatherings also are planned in Asia and the United States. An IHT Centennial scholarship will be funded for graduate study at INSEAD (the European Institute of Business Administration), open to candidates from around the world. There'll be a quiz for readers, with prizes for winners. And at the conclusion of the year, there'll be a gala ball at the Paris Opera, which itself was only 12 years old when our first editions appeared on the streets of this city.

Finally, to keep readers up-to-date on the progress of the celebration and on the Trib as well, there will be regular reports, like this initial column. Some of these reports, of course, will be about our readers. So let us hear from you.

One area we may have ignored a bit over the years is poetry. Thus it might be fitting to end this first column with a Centennially-oriented warning from the U.S. poet and jurist Oliver Wendell Holmes:

"Have you heard of the wonderful one-hoss shay,
That was built in such a logical way,
It ran a hundred years to the day?"

Logically or not, we at the Trib are confident we'll run longer. We think it's more probably true that, as phrasemaker Wilson Mizner once said, "the first hundred years are the hardest." True? We plan to see.

Seoul Opposition Sees Ploy By Chun to Hold On to Power

Camera Press
Kim Dae Jung

By Sam Jameson
Los Angeles Times Service

SEOUL — Kim Dae Jung, the opposition candidate in South Korea's last free and open presidential election in 1971, said he believes that President Chun Doo Hwan intends to pull the strings of power for the leader who succeeds him in 1988.

In a recent interview, Mr. Kim said that Mr. Chun intends to amend the constitution to provide for a cabinet system of government — in which a prime minister selected by the unicameral legislature holds real power — because Mr. Chun needs that form of government to retain power.

Although Mr. Kim offered no evidence to support his charges, a high-ranking Western diplomat, who asked not to be identified by name, agreed with the often-jailed opposition leader. The diplomat said that he, too, thinks Mr. Chun intends to retain power after leaving the presidency at the end of his single seven-year term, as the present constitution requires.

Mr. Kim, 62, who is free but deprived of his civil rights under a suspended 20-year jail sentence for sedition, condemned Mr. Chun for refusing to meet him and Kim Young Sam, the two men who control the opposition New Korea Democratic Party.

If there is no meeting with Mr. Chun, "the political situation will grow tense," Mr. Kim said. "There is a large possibility that Chun will take stern measures against us. But he will not succeed. The people will not tolerate dictatorship any more."

He said that Mr. Chun could control a prime minister at the head of such a government by two means:

- First, Mr. Chun will retain his post as president of the ruling Democratic Justice Party, and that will enable him "to appoint the candidate for prime minister," Mr. Kim said.
- Second, as the immediate past president, Mr. Chun will become chairman of the advisory committee to the president or to the prime minister. That is now a largely ceremonial group composed of former heads of government and chiefs of state, but Mr. Chun, according to Mr. Kim, plans to increase its power.

"With these two posts, he could pull the strings that control the new leader," Mr. Kim said.

Mr. Kim charged that Mr. Chun had been following a strategy of deception to suppress manifestations of Koreans' desire for reform. First, he said, Mr. Chun persuaded the opposition party to stop its pro-reform rallies throughout the country in favor of joining a constitutional reform committee in the National Assembly. Now, he said, Mr. Chun intends to stall the committee's deliberations until the end of the year.

"Then, when students are on vacation in the cold of January or February, he plans to approve constitutional amendments and stage a national referendum to implement them," Mr. Kim charged.

Mr. Chun, he said, is trying to drive a wedge between him and Kim Young Sam, and between him and Lee Min Woo, the titular head of the New Korea Democratic Party. But he predicted that neither Kim Young Sam nor Mr. Lee would yield to the president's demand that they accept a cabinet system of government.

Judge in Malaysia Rejects Expelled Reporter's Appeal

Reuters

KUALA LUMPUR — A Malaysian judge rejected on Wednesday an appeal by an Asian Wall Street Journal reporter against a government order expelling him from the country.

John Berthelsen, 48, said that Acting Chief Justice Datuk Harun Hashim had ruled that his working permit had been canceled for security reasons and had confirmed that he was to have left the country by midnight Wednesday.

On Friday, the Home Ministry banned sales of The Asian Wall Street Journal in Malaysia for three months and ordered Mr. Berthelsen and his colleague, Raphael Pura, to leave the country within 48 hours. The government later gave Mr. Berthelsen a three-day reprieve.

On Tuesday, Deputy Home Minister Datuk Megat Junid accused the paper of unfair reporting and said it had "sabotaged the country's economic development."

Prime Minister Mahathir bin Mohamad, during a visit to New York Tuesday, said reports about Malaysia in the foreign press had deliberately given a false impression. He said readers of such reports would not want to visit Malaysia.

"You will think the country is not safe, or even dangerous, and will not want to put your money there," he said.

In response to these comments, Peter Kann, associate publisher of The Wall Street Journal in New York said: "It begs credulity that The Wall Street Journal should be involved in some sort of campaign to undermine investment in Malaysia or any other country.

"We are a news organization, and all we seek to do is to cover the news fairly and accurately."

Lange Starts Inquiry After Secret File On His Security Is Picked Up in Street

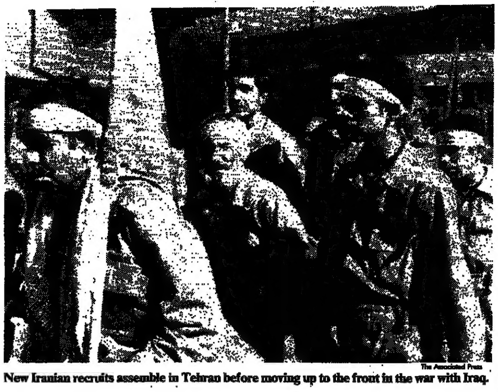
Reuters

WELLINGTON, New Zealand — Prime Minister David Lange said Wednesday that he had ordered an inquiry after a police folder containing details of his personal security arrangements was found lying in a street.

Inside the folder was highly confidential information on Mr. Lange's apartment in Wellington, including his private telephone number, the location of alarms, a description of how to disarm them, and detailed instructions on how the police should respond to an alert.

A man who found the folder delivered it to the Wellington newspaper The Dominion. "I started reading it and I freaked out," the man, who was not identified, was quoted Monday as having said.

The paper said the folder had been found in a suburban street near a police garage. Mr. Lange told reporters he was appalled at the incident.



The Associated Press
New Iranian recruits assemble in Tehran before moving up to the front in the war with Iraq.

Morale of Iraqi Forces Appears Good; Soldiers at Front Are Clean, Well Fed

By Charles Mohr
New York Times Service

BAGHDAD — Presumably they complain, or else they would be among the few soldiers in history not to exercise that right. But even after six years of war, the morale of Iraq's soldiers appears to be reasonably good.

Most foreign military attachés here hold this view to some extent. Any such assessment, however, needs the qualification that Iraqi society is almost impenetrable to foreigners.

But certain observations can be made. They might seem superficial to civilians, but military officers anywhere in the world take them seriously. For one thing, the troops are clean.

A group of senior officers seemed indignant when asked if the soldiers were required to shave every day. "Of course they must shave and wash every day, and they must keep their uniforms clean," said a general.

A visit to the front-line 8th Infantry Division on the southern front with Iran confirmed the claim that this is not a slovenly or battle-dazed force.

Moreover, the Iraqi command seems to have an enlightened personnel policy. Soldiers in the large army, perhaps 700,000 men, are given one week of home leave with their families for every three weeks on duty. Where it is possible, soldiers can telephone home.

"In matters of man management the Iraqis are quite good," said a Western military analyst. Training, the glue of any army, also seems to be taken seriously.

A conscript or volunteer is given 14 weeks of basic, "individual" training and gets a substantial dose of unit training in special schools, senior officers said.

This does not mean that everything is rosy.

"The Iraqi Army is not bad," said a Western expert, "but it does seem at least to have some trouble with combined arms operations," in which air support, armor and infantry must work smoothly together. "That takes practice in repeated training and it's hard to do while fighting this war."

Protection for the soldiers is not slighted. On a visit to the front, it could be seen that earth-moving equipment was used to create a high protective embankment into which had been built infantry bunkers and firing positions.

During the visit, only a few Iranian artillery shells were fired, as well as about a dozen sniper shots. But one of the shells made a direct hit on a front-line bunker. The men in the firing chamber were untouched. A man in a sleeping room was wounded by fragments from flying concrete.

Company, battalion and brigade forward headquarters were heavily fortified rectangles. Both they and the front lines had copious concertina and staked barbed wire and protective minefields as well as the Soviet version of Claymore mines that spew out clouds of steel pellets.

Sleeping rooms included cots and even a few curtains and embroidered cushions from the families at home.

Asked if there was, as rumored, a desertion problem in the marshes where deserters could hide, Major General Talie Khalil Ibrahim al-Duri, commander of the 3d Corps but formerly a commander of a northern sector in the mountains, smiled and said: "They don't just desert here. They also desert in the north. But very few. They are the soldiers with bad problems or problem soldiers — the same as in any army."

The troops seemed to be well fed with soup, flat bread and plentiful amounts of fruit for breakfast and rice and lamb or other meat at midday and supper.

UNESCO Seeks Nominations

Reuters

PARIS — UNESCO's executive board called on member states Wednesday to recommend a possible successor to the agency's controversial director-general, Amadou Mahtar M'Bow, diplomatic sources said.

The 51 nations on the board, the governing body of the UN Educational, Scientific and Cultural Organization, will consider nominations at its next meeting in May, they said.

It will then recommend a single candidate to UNESCO's general conference, a general meeting of the 158 member states scheduled for late next year in Paris. Diplomats said the nomination process was normal practice and did not rule out Mr. M'Bow's staying on after the end of his second term in November next year.

Mr. M'Bow, criticized by many Western nations for his handling of the agency, has not said whether he will stand for a third six-year term. The United States and Britain, which withdrew from UNESCO in 1984 and 1985, have accused Mr. M'Bow, a former Senegal education minister, of mismanagement and anti-Western bias.

DOONESBURY

Living Abroad

U.S. Tax-Overhaul Bill: First the Hoopla — Now for the Hard Part

By Sherry Buchanan
International Herald Tribune

LONDON — Americans living abroad face some surprises in the tax-reform bill passed by Congress last week and effective for the 1987 tax year once it is signed by President Ronald Reagan.

"One thing the reform hasn't done is simplify anything," said Gerald J. Zukanckas, a partner with Price Waterhouse in London.

Two main features of the bill are a reduction in the tax rate — the individual maximum falls from 50 percent now to 38.5 percent in 1987 and to 28 percent in 1988 — and a decrease in tax breaks. Both provisions affect Americans living abroad; unlike citizens of other major industrialized countries, they are taxed on their worldwide income.

Expatriates will also be affected by the new law's reduction of the foreign earned-income exclusion from $80,000 to $70,000.

How these Americans are affected will depend on whether they are tax equalized, as are 90 percent of Americans working for U.S. companies abroad, according to international accounting firms.

Under tax equalization, employees pay a fixed amount to their companies based on what their U.S. tax rates would be if they were still working in America. The company pays the actual U.S. and foreign taxes, which may be higher or lower than the amount the employee paid — in the name of equalizing taxes for all employees of a multinational.

Because of the way tax equalization programs work, the company will bear some of the costs of the tax reform.

"In general, expatriates on tax equalization will benefit from the reduction in tax rates and the increase in exemption amounts," said Jack Anderson, a partner with HSD-Arthur Young International in Paris. "However, they will tend to suffer as a result of the limitations on Individual Retirement Agreements and 401 (K) plan deductions — deferred salary payments — and the limitation on passive-loss deduction."

The new law will result in three main costs for the individual who is not tax equalized and for the company whose employees are tax equalized:

- Because of the reduction in the earned-income exclusion to $70,000, an American earning more than that in a low-tax country will be paying higher U.S. taxes.
- The alternative minimum tax, which is aimed at tax shelters, may now apply. Under the new law, overseas taxpayers can offset only 90 percent of their alternative tax liability with foreign tax credits.

"Expatriates who have been able to offset their regular income and alternative minimum tax liabilities with foreign tax credits may be paying 10 percent of the alternative tax in the future," Mr. Anderson said. The foreign tax credit is the amount of foreign tax that can be used against U.S. tax liability.

"This is a nasty effect," said Walter A. Meisenkothen, a partner with Arthur Andersen & Co. in London. "Whether consciously or accidentally, the new law goes beyond the original intent and will tax people not using any tax shelters."

Mr. Meisenkothen expected a significant increase in clients who will have to pay the alternative minimum tax. So did Elizabeth A. Nicholson, a partner with Deloitte, Haskins & Sells in London, who forecast that the increase would be 50 percent.

- Moving and storage expenses, under the new law, will be itemized deductions instead of an adjustment to gross income. Price Waterhouse believed the change would increase expatriates' tax liability. Other international accountants believed it would have more of a psychological effect on Americans going overseas for the first time than be a real tax cost.

"Many clients don't itemize," said Richard W. Wilson, managing tax consultant with Price Waterhouse in London. "Under the new rule, they lose the storage deduction."

"The new requirement may not affect expatriates that much," said Mr. Anderson. "Under the old rule, most expatriates got no benefits from a moving deduction anyway because it was usually scaled down."

"Scale down" is the Internal Revenue Service's way of eliminating a double deduction — an expatriate cannot take the deduction because the money involved generated the earned-income exclusion.

Other changes, as listed by international accountants:

- Passive loss rules, which apply to real estate. This will affect the many expatriates who rent their homes in the United States while they are on a foreign assignment. Price Waterhouse in London estimated that the change in passive loss rules would affect 50 to 60 percent of its clients.

Under current rules, the passive loss incurred from depreciation and maintenance costs can be deducted. The new law says that only a taxpayer with an adjusted gross income not exceeding $100,000 who can prove active participation in the rental will be allowed a deduction of up to $25,000.

"The language in the law indicates that the expatriate will be able to prove active participation even though he is living abroad," Mr. Anderson said. "But expatriates who will be able to benefit from the deduction of losses will have to monitor their properties with extra caution to ensure that they can prove they are actively participating. This can be done by documenting their approval of tenants, leases and such major items as repairs."

Other international accountants

One thing the tax-reform bill passed by Congress last week hasn't done is simplify anything.

did not believe the new law was that clear.

"There are two interpretations," said Miss Nicholson of Deloitte. "If the taxpayer retains an agent and instructs him exactly what to do, that will be enough under one interpretation. The other interpretation is that if you have an agent at all, you will not be actively participating. We have to wait and see how the law is interpreted and what regulations the Internal Revenue Service comes out with."

- Reduction in tax benefits from Individual Retirement Agreements and 401 (K) Plan Benefits, or voluntarily deferred salary plans. Under these, a taxpayer invests part of his salary until after retirement, when he will be in a lower tax bracket.

Under both the old and new rules, only taxpayers who earn more than the exclusion can contribute to IRAs; otherwise the money involved would be written off as a double deduction. An exception is made for taxpayers earning less than the exclusion if they have U.S. earned income from business trips that is not subject to the exclusion and is therefore taxable. In that case, taxpayers can contribute up to $2,000 of the U.S. income to an IRA.

Most international accountants believed that expatriates could continue to invest in IRAs as well as 401 (K) Plan Benefits.

"As many, or more, people will be going into IRAs and 401 (K)s because they are still very tax-effective," Mr. Meisenkothen thought. "The income of these retirement plans is still free of tax."

The maximum allowable contribution to the popular Section 401 (K) will be reduced from $30,000 to $7,000.

"Most of our clients have a lot of expendable income and want to tuck it away," Mr. Wilson explained. "Large amounts of it go into 401 (K). It is still a nice benefit — you just cannot do as much of it."

This is the first of two articles. The next will look at how U.S. companies overseas are thinking of changing their tax-equalization programs.

U.S. Conducts a Nuclear Test As 500 in Health Fields Protest

By Peter Applebome
New York Times Service

MERCURY, Nevada — More than 500 American doctors, nurses and other public health professionals have protested here at the nuclear testing site against the continued U.S. underground testing of nuclear weapons during a Soviet moratorium.

The demonstration Tuesday was the 10th protest at the Nevada Test Site since 1982 but the first to be organized by prominent professionals not affiliated with peace or anti-war groups.

While the demonstration was in progress, the Department of Energy set off the 10th underground test of the year, 50 miles (80 kilometers) away at the northern end of the test site.

Department officials said the test posed "absolutely no risk — zero" to the protesters. But Carl Sagan, the Cornell astronomer, categorized his remark as "about as sensitive as our government's response to the 40th anniversary of the bombing of Hiroshima — which was to blow up another weapon."

The test, which was in the range from 20 kilotons to 150 kilotons, was the 17th announced by the United States since the Russians declared a moratorium on testing on Aug. 6, 1985.

The protest was organized by the American Public Health Association, an organization with 50,000 members consisting of health care administrators and professionals, in conjunction with American Peace Test, a group opposed to the weapons testing.

On Monday night, Mr. Sagan told the association members, gathered in Las Vegas for their national convention, that a ban on testing to match the Soviet initiative would be the most effective way to slow the arms race and that the majority of Americans supported such a move.

The Reagan administration contends that the testing is necessary for the upgrading and modernization of the nation's strategic defense and the development of its missile defenses. And officials say a U.S. suspension of testing would take a major bargaining chip away from Mr. Reagan.

President Jimmy Carter said in an address to association members Monday that the failure of the United States to join in a nuclear test ban was "an embarrassment and a serious mistake."

Among those participating in the protest along with Mr. Sagan were Dr. Bernard Lown of the Harvard School of Public Health, co-president of the International Physicians for the Prevention of Nuclear War; Dr. William Foege of Emory University, the American Public Health Association president; and the health association's immediate past president, Dr. Victor Sidel of the Montefiore Medical Center in New York.

Roy Strange/The Associated Press

MIGHTY MO'S BOOM — The U.S.S. Missouri fires one of its nine 16-inch guns in celebration of the Royal Australian Navy's 75th anniversary in Sydney harbor. The U.S. ship is one of 28 foreign vessels, the largest armada of warships from other nations ever to visit Australia, and 15 Australian ships taking part in the birthday festivities.

RAIL: *Repairing the Beira Route*

(Continued from page 1)

ty to strangle them if the major powers move toward total sanctions.

After Zimbabwe and Zambia announced in July that they would apply Commonwealth sanctions against South Africa, Pretoria ordered go-slow inspections of all trains and trucks crossing its northern borders and demanded a stiff customs deposit for all Zambian imports crossing its territory. The economic effects were felt in these countries immediately.

The committee headed by Mr. Cross was formed last year to break this stranglehold. It was initiated by an alliance of nine black states called the Southern African Development Coordination Conference, established in 1980 to increase regional cooperation and reduce the countries' dependence on South Africa.

The conference includes the front-line nations plus Lesotho, Malawi and Swaziland.

The port of Beira once handled 80 percent of the trade from this region. Then 20 years of guerrilla warfare and economic collapse in Mozambique reduced it to a barely functional state. The committee has begun a $300-million project to restore the corridor and harbor.

The first phase will be completed in December, Mr. Cross said in a recent interview. Beira and the Tazara railroad will then be able to handle 60 percent of the front-line states' trade, he explained.

The second phase is scheduled for completion in mid-1989. After that, Mr. Cross said, the front-line states will be able to handle all their own trade, and their dependence on South Africa's transportation system will cease.

The interim period is the worrying time for them, when they will still be vulnerable to retaliatory action by Pretoria.

This is what Mr. Cross was referring to when he said the front-line states would need $3 billion in assistance to survive if South Africa closed its borders to them before the second phase of the Beira corridor project was completed.

The corridor project has been given priority rating by the member states of the Southern African Development Coordination Conference, and the railroad track is being relaid at the rate of half a mile a day. The next step will be to deepen the port of Beira so that it can take bigger ships, and to repair the derelict wharves.

According to Mr. Cross, train speeds have already been increased from 10 mph to 40 mph, and the time for the journey from Harare to Beira has been cut from four days to 12 hours.

Attacks by rebel bands of the Mozambique National Resistance movement remain a problem. The rebels periodically blow up the track, the bridges and the oil pipeline.

The corridor project is being financed by Western aid, mainly from the Netherlands and Scandinavia.

President Ronald Reagan is reportedly considering announcing a $500-million U.S. addition to this aid.

Today, Zambia and Zaire get most of their imports through South Africa. Zambia sends its copper northward along the slow Tazara line to Dar es Salaam. The line was built by the Chinese in the 1960s.

Zaire's copper, mined in the country's southern province, travels an even more tortuous route. It goes first by rail to Lubumbashe, then by Congo River barge to within 100 miles of the Atlantic coast, and finally by rail again to the Zairean port of Matadi.

SCORECARD: *Who Blinked?*

(Continued from page 1)

trol to satisfy Gorbachev's demand that their second meeting could not be an empty one."

Both sides succeeded if their mutual and overriding goal was to set aside the cases of the American journalist, Nicholas Daniloff, and the convicted Soviet spy, Gennadi F. Zakharov, and get on with a superpower conference and arms control.

But officials on both sides also say that the incident will inevitably be seen as a test of their leaders' negotiating skills.

Administration officials are seeking to portray the deal as an unconditional release of Mr. Daniloff, followed by the exchange of Mr. Zakharov for Yuri F. Orlov, a prominent Soviet dissident, and Irina L. Valitova, his wife.

But some conservatives in and out of the administration say that the Rusians got back a spy in return for releasing an innocent American and a dissident whose release seemed likely anyway.

"As soon as the FBI is ready to pick up a Soviet spy in the future, you can be sure that the State Department and people in the White House will say, 'Let's not go through that kind of contest again,'" a former senior official said.

Critics also pointed to signs that the administration might not be holding fast to its demand that 25 specified officials at the Soviet mission to the United Nations leave the United States by Wednesday.

Mr. Shultz insisted Tuesday that the demand stands, but he acknowledged that the disposition of some of the cases would be held in abeyance and discussed in Iceland.

Whoever wins the battle of public perceptions on the overall deal, it is clear among most officials, experts said, that the administration had not fared as well as other administrations had in similar circumstances.

In 1963, a Soviet driver with diplomatic immunity was arrested in the United States on espionage charges, and the Soviet Union jailed an American professor. But the professor was released after President John F. Kennedy intervened.

The driver, meanwhile, was convicted and was not allowed to return to the Soviet Union until 1971.

In 1978, two Soviet employees at the United Nations without diplomatic immunity were charged with espionage, and Moscow arrested an American businessman on currency charges.

The American was tried and immediately expelled. The two Russians were sentenced to 50 years in prison, and months later they were traded for five Soviet dissidents.

The general reaction in Washington is that Mr. Zakharov's release and return to Moscow, immediately after he pleaded no contest to the espionage charges and one day after Mr. Daniloff's release, erodes a major U.S. negotiating principle.

That principle is that countries should not be permitted to trade innocent Americans for their own spies and terrorists.

A former senior Reagan administration aide said, "The most interesting question is what this tells us about Gorbachev's agenda, his need for a summit given his domestic situation, and what the president gave up to get this arrangement."

He said he was worried that "the president may now be susceptible to pressure of the Iceland summit deadline to make unfortunate concessions with the Soviets."

Up to now, Mr. Reagan has sought to play down the necessity of reaching arms accords at a summit meeting, while Mr. Gorbachev has made them more or less a condition.

VALUES: *U.S. Parties Vie for Votes on Moral Issues*

(Continued from page 1)

has prompted a complex discussion over what role religion should play in public life.

Talk of a return to traditional values is often associated with the religious right. And some civil libertarians and defenders of minority rights worry that the new mood may help undo what they regard as genuine progress in recent decades toward greater tolerance.

David Kusnet, vice president of People for the American Way, a liberal group that battles the religious right, says he and his allies are sympathetic with the search for "ways to inject values in the public debate without being intolerant of the ideas of others."

"The key question," he said, "is whether it's possible for schools to inculcate students with values that all Americans share, regardless of religion, without indoctrinating children with ideas that some groups share and others do not."

Some of the proposals being made in the name of strengthening families are consistent with the long-standing goals of feminists and other advocates of equal rights, says Representative Patricia Schroeder, a Democrat of Colorado. She is co-sponsoring a bill that would require employers to give parents 18 weeks of unpaid leave to take care of a newborn baby, a newly adopted baby, or a seriously ill child or parent.

She calls the proposal the kind of "pro-family worker protection we need" and says the legislation is a challenge to Republicans.

"For all their talk, the rhetoric of this administration has not yet brought about a turnaround in the divorce rate,'" she said. "You haven't seen any of the things that you were supposed to see if you talked about traditional values."

Ms. Schroeder said her proposals reflected an enormous growth in the number of women in the work force.

TAX: *Accord Opposed*

(Continued from page 1)

Treasury Department official added, "The issue has not yet really surfaced here, because the convention document has just not been circulated, but we expect that will change shortly."

In Bern, a Swiss official explained that "there are many things we object to in the proposed agreement and we understand the attitude of the business community."

But, added François Landgraf, secretary-general of the Department of Finance: "We will not block others from adopting it if they choose. We do not see the national interests of Switzerland being put into question, and we have very high regard for the workings of OECD, which for us is a key international body to which we do belong."

Several Swiss business executives said they were, nevertheless, hopeful that the government could be persuaded to reverse its position during the next several weeks.

The Business and Industry Advisory Committee, which has a consultative role to the OECD and represents employer associations in member countries, said in a recent statement that it particularly objected to a provision in the draft convention that would establish a coordinating body operating "under the aegis of the OECD."

"Members of BIAC have questioned whether such an active role should be assumed by the OECD in the implementation of the convention, unless the convention has been accepted by all OECD members without exception," the statement said.

SUMMIT: *Moscow Wants Arms to Dominate Gorbachev-Reagan Talks*

(Continued from page 1)

ments in Geneva and elsewhere."]

Mr. Pyadyshev said that agreement seemed most promising on mutual reduction of intermediate-range missiles in Europe. He said that the Soviet Union would not insist, as it has in the past, on including French and British strategic missiles in the bargaining if all U.S. and Soviet missiles were eliminated from the continent.

But the main objective of the second Reagan-Gorbachev encounter, he said, would be to agree on instructions to arms-control negotiators to push them toward agreements that could be signed at a third meeting.

"We see the Reykjavik meeting as a working meeting, without much noise, and with limited participation," Mr. Pyadyshev said. "It should give encouragement to progress in all directions, on all aspects of nuclear weapons."

The spokesman disclosed that Mr. Gorbachev proposed that he and Mr. Reagan meet either in London or Reykjavik, a city of 85,000 that has never played host to such an international conference before. Mr. Reagan decided on Iceland, he said.

The Soviet spokesman also said that the meeting was arranged as one of Foreign Minister Eduard A. Shevardnadze's final acts before he left New York on Tuesday for an official visit to Canada.

Mr. Pyadyshev expanded on reasons for Mr. Gorbachev's call for talks by saying that the Soviet Union had "grave concern" over lack of progress on arms control.

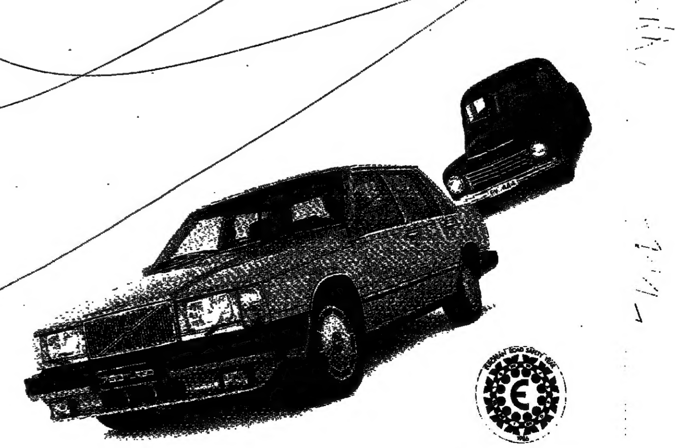
"The entire Soviet-American process is not moving an inch," Mr. Pyadyshev said.

Mr. Reagan's latest letter to Mr. Gorbachev on arms control, he said, contained some rational elements.

"Therefore, we must use new impulses to move things forward, to find the path to productive results," he said. "The task of the meeting is to assess the situation directly and formulate precise proposals on arms control."

Mr. Pyadyshev said the controversy over Nicholas Daniloff, the U.S News & World Report correspondent in Moscow detained on espionage charges after Mr. Zakharov's arrest, had been resolved successfully with the agreement allowing each to return home.

"Neither side lost, both won," he said.



SCIENCE

IN BRIEF

Device To Block Hydrogen Explosion

WASHINGTON (WP) — It happened at Three Mile Island, and it happened again at Chernobyl. When the nuclear power plant went awry, it produced explosive hydrogen gas. At Three Mile Island there were anxious days as engineers worried whether the hydrogen might explode. At Chernobyl it did, and the reactor blew apart.

Researchers at Sandia National Laboratories in Livermore, California, and Albuquerque, New Mexico, have invented a simple device that costs less than $50 and which they say could prevent such hydrogen explosions. The hydrogen comes from a simple chemical reaction that is almost inevitable any time a reactor's zirconium-clad fuel rods overheat in the presence of cooling water or, more likely, steam.

Sandia's strategy is simple: Burn the escaped hydrogen while there is still too little to do harm. The invention is ingenious: An automatic match that lights when the hydrogen concentration reaches a low threshold.

Long Childhood Came Late to Man

WASHINGTON (WP) — The human pattern of a long infancy and childhood dependency on parents — considered by many anthropologists to have contributed to the rise of the nuclear family as a key ingredient of early human social evolution — may actually have appeared late in the rise of humankind, a University of Michigan researcher has found.

The new interpretation, published in Nature by B. Holly Smith, is based on analysis of growth lines that can be seen in fossil teeth under a microscope. Roughly comparable to tree rings, the lines give clues as to the age at which a given tooth appears in an individual.

While the older view had suggested that something approaching a human pattern of development was the case with the early australopithecines, which lived 2 million to 3 million years ago, her findings show their physical maturation was actually much more rapid.

Snoring Linked to Impaired Thinking

NEW YORK (NYT) — Although most people who snore have nothing to worry about, except the annoyance they may cause their bed companions, a University of Florida medical researcher has reported that in some people this noisy behavior may be associated with impaired thinking.

In a recent study, A. Jay Block, chief of pulmonary medicine at the university's Health Science Center, found that snoring and low blood-oxygen levels, or hypoxemia, seemed to go hand in hand, and both were apparently linked to reduced cognitive skills.

Replacement Bladder Surgery Hailed

COLUMBUS, Ohio (UPI) — A new operation that creates a growing, workable bladder out of a small section of intestine could mean the end to the use of external bags by patients whose original bladders have failed.

Dr. Stephen Koff, the Children's Hospital urologist who pioneered the surgery, said, "Doctors have been trying for 10 years to find a replacement for a bladder, but only now are we beginning to reliably have the bowel serve as a bladder without leaking."

Dr. Koff first performed the operation in April on Rodney Fetherolf, 19, a victim of spina bifida. He used six inches (15 centimeters) of Mr. Fetherolf's intestine to make a four-centimeter valve, which will keep urine from leaking out of another piece of valve that serves as a bladder. A human has about 30 feet (9 meters) of intestine.

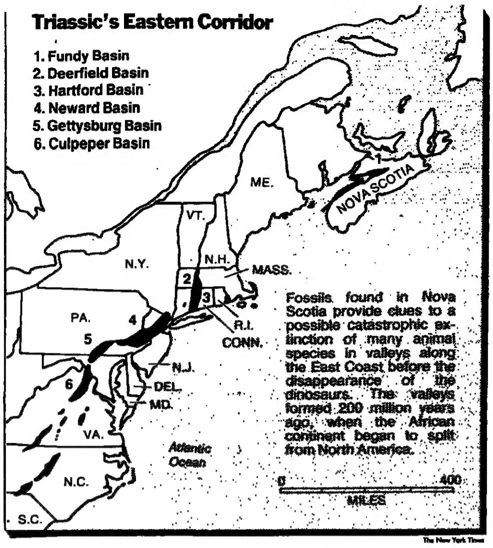
Fluid Can Aid in Infant Lung Disease

BOSTON (UPI) — Dripping a type of amniotic fluid into the lungs of babies born with poorly developed lungs can prevent the most common cause of death among premature infants, researchers said.

A study conducted at the University of California in San Diego and the University of Helsinki in Finland found a fluid known as surfactant reduced the number of deaths and the incidence of lung damage from a disorder known as respiratory distress syndrome.

"The incidence of neonatal death due to the respiratory distress syndrome was much lower and (lung damage) — a major complication of the usual therapy for the syndrome — was decreased among surfactant-treated infants," the researchers said. About 50,000 babies are born each year in the United States with poorly developed lungs that lack sufficient amounts of surfactant, which normally lines the lungs to allow them to expand and contract properly.

Fossils Indicate a Pre-Dinosaur Catastrophe



The New York Times


Dr. Paul E. Olsen

Drawing of a Hypsognath, an extinct reptile found in Nova Scotia dig.

By Walter Sullivan
New York Times Service

PARRSBORO, Nova Scotia — Threatened with bombardment by boulders from above and inundation by 57-foot tides in the Bay of Fundy, researchers here are excavating fossils that they believe prove that a catastrophic extinction occurred 125 million years before the disappearance of the dinosaurs.

Working in what has been described as one of the largest fossil finds in North America, the researchers are extracting thousands of fragmentary remains of primitive dinosaurs, crocodiles, sharks and mammal-like reptiles from sandstone embedded in cliffs that drop abruptly to the tidal flats.

Scientists believe that the disappearance of these animals, like the extinction of the dinosaurs 125 million years later, may have been caused by the impact of a large meteorite or comet, although no direct evidence for either event has yet been found. The geologists note, however, that a circular scar 60 miles wide in Quebec indicated that there had been an impact roughly at the end of the Triassic Period, 180 million years ago.

The researchers believe their finds lay to rest the assumption of many geologists that the worldwide extinctions of land and sea animals at the close of the Triassic, before the ascendance of the dinosaurs in the Jurassic and Cretaceous periods, occurred gradually over millions of years.

What the scientists believe demonstrates a catastrophic end to the Triassic Period is the total absence, in deposits laid down immediately after that period, of species abundant just before the end of the period, implying a very sudden disappearance. At least 32 percent of all families of four-footed land animals living in the late Triassic had vanished, according to their evidence.

THE fossils here belong to the Newark Supergroup of animals that inhabited lake-filled rift valleys formed along much of the East Coast as Africa began to split away from North America about 200 million years ago. Their designation arises from their early discovery near Newark, New Jersey.

According to Dr. Paul E. Olsen of Columbia University's Lamont-Doherty Geological Observatory, co-leader of the expedition with Dr. Neil H. Shubin of Harvard University, one of the lakes probably extended from Tappan Zee on the Hudson River north of New York, across New Jersey, Pennsylvania and Maryland to southern Virginia.

Other long lakes occupied the Connecticut Valley north and south of the Holyoke Range. The latter was formed, as were the Watchung Mountains of New Jersey, by successive outpourings of highly fluid lava. Some never reached the surface but are now exposed, as in the Hudson River Palisades. Such lava erupted near here, flowing out across the Bay of Fundy and Gulf of Maine.

After those eruptions the valley here was torn apart by radical earth movements. Giant boulders fell into fissures, producing caves and shelters where the inhabitants took refuge or dragged their prey.

It apparently was within such shelters that remains of the animals accumulated and became embedded in sandstone that is now being painstakingly dissected with hammer and chisel, dental tools and brush. In some areas the sandstone is so packed with skeletal fragments that the diggers call it "bone hash."

They have also found that lake shore deposits glitter with fish scales and enclose the fossilized bones of sharks and other early fishes.

"Particularly significant," Dr. Olsen and Dr. Shubin say in their report, was the discovery of at least 13 partial skulls of trithelodonts — mammal-like reptiles not previously found in North America. Until now their anatomy has been poorly known, although they had been found in Africa.

The researchers have also discovered coprolites, or fossilized excrement, presumably from carnivores or scavengers since it is laden with bits of bone.

PUZZLING to the geologists has been the absence of plant-eating animals, apart from tiny lizard-like sphenodontids. It would seem improbable that the carnivores preyed only on one another. Among the most curious finds have been "sabre-toothed" crocodiles the size of a cat with enormous double teeth protruding from each side of their lower jaws. According to Dr. Shubin they "look wrong," as though improperly reconstructed.

Catastrophic theories of extinction date back to the 18th century, when Georges-Louis Leclerc, Comte de

Scientists believe that the disappearance of these animals may have been caused by the impact of a large meteorite or comet

Buffon, attributed them to sudden changes in the Earth's spin axis. Early in the last century the Biblical flood became the favorite explanation. Species that vanished were antediluvian, "from before the Deluge."

From the record of higher animal evolution it became evident, however, that five great extinctions had occurred over the last 500 million years. Each defined the end of one great period: the Cambrian, Devonian, Permian, Triassic and Cretaceous.

In recent years many geologists have assumed that the extinctions were gradual. Geological deposits, accumulated over a million years, may be only inches thick, making it difficult if not impossible to document any sudden change.

Some scientists have argued that the more recent extinctions have tended to come at intervals of 26 million years, leading to the hypothesis of a "killer star" that periodically comes close enough to divert a shower of comets toward the Earth and other planets.

By this theory, such an event wiped out the dinosaurs when the Cretaceous gave way to the Tertiary Period. It rests on the discovery of iridium at many sites of that period, purportedly evidence of a meteorite impact. Also found in many parts of the world has been shock-altered quartz, presumably thrown up by the resulting explosion.

LAST month, Austrian scientists reported finding such evidence in a Cretaceous-Tertiary boundary layer only two millimeters thick near Salzburg.

Proponents of this theory argue that dust blasted into the sky by this event cut off sunlight long enough to cause the extinctions.

Discovery of evidence for such an impact has led geologists to search for similar clues at the times of other extinctions. None has yet been identified in deposits formed as the Triassic gave way to the Jurassic, but the search is continuing.

Geologists have been deeply divided over whether the extinctions at that time were abrupt or spread out over millions of years. Jurassic and Triassic fossils abound in the former rift valleys of Connecticut, Massachusetts and New Jersey, but the collections are not complete enough to define the boundary between the periods and show whether the extinctions were abrupt.

Near South Hadley, Massachusetts, in 1902, a farm boy named Pliny Moody found dinosaur footprints that were taken to be those of a large bird, described then as "Noah's raven."

Similar footprints have been found here, as well as fossils from the earliest stage of the Jurassic. Yet none of those that vanished after the Triassic are present. Nor do new families appear, say the geologists, implying a "day after" situation in which very little time had elapsed since the catastrophe.

According to Dr. Olsen, if species that had exploited specific elements of the environment were eliminated, surviving species "would radiate explosively" into hundreds or thousands of species to fill the ecological vacancies.

They would, however, derive from existing species, whereas new families, representing radical departures from the past, would take a long time to evolve. A similar lag in the appearance of new families, he pointed out, is found in the fossil record immediately following the extinctions at the end of the Cretaceous Period.

A plausible explanation for the Triassic extinctions, he and Dr. Shubin believe, was the impact that created the Manicouagan Structure in Quebec, 450 miles to the northwest. The structure is what remains of a crater about 60 miles wide consisting of a raised central region surrounded by a circular reservoir.

AS pointed out by the geologists, the failure to find iridium at the Triassic-Jurassic boundary would not rule out an impact. It could have been by a carbon-rich meteorite containing little iridium. It should, however, have spread shock-altered quartz over the landscape. None has been found, but the search is continuing.

That the formation of the long lakes, and the deposition of the fossils here, occurred within a relatively short time after the birth of the Jurassic has been shown by a new way to estimate time intervals in ancient deposits. It appears to have been less than 500,000 years, whereas earlier estimates were spread over 2 million years.

The new estimates, based on a method developed by Dr. Franklyn B. Van Houten of Princeton University, recognize in sedimentary deposits the climate changes induced by cyclic alterations of the Earth's spin and orbital motion.

It was generally assumed that these alterations have controlled onsets of the recent ice ages, but in rift valley sediments laid down much earlier, in more than 40 million years of the Triassic and Jurassic, Dr. Olsen has found evidence for wet and dry periods under similar cyclic control. He has used this evidence to determine the relatively short intervals between volcanic episodes.

Several attempts to find evidence for impacts associated with earlier extinctions have been unsuccessful. In the Aug. 29 issue of the journal Science, geologists from the University of Wisconsin, the Nanjing Institute of Geology and Paleontology in China and the Los Alamos National Laboratory in New Mexico describe their search for iridium in South China deposits from the Permian-Triassic boundary. None was found.

Scientists from Los Alamos and the University of California at Berkeley reported in the July 18 issue of Nature finding abundant iridium near the border between the Ordovician Silurian periods in Scottish deposits, but attributed it to erosion of volcanic rocks.

International Herald Tribune
BUSINESS/FINANCE
THURSDAY, OCTOBER 2, 1986

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WALL STREET WATCH

Generic Drugs: On Verge Of Boom, or Overvalued?

By PHILLIP H. WIGGINS

New York Times Service

NEW YORK — With an estimated $3 billion worth of prescription drugs losing patent protection between 1986 and the early 1990s, investors are looking more closely at the prospects for such generic-drug stocks as Bolar Pharmaceutical, Par Pharmaceutical Inc., LyphoMed Inc., Biocraft Laboratories and Mylan Laboratories.

While many analysts say these equities are on the verge of explosive growth, others believe that some have become overvalued and less attractive. Generic drugs essentially are the chemically equivalent, but less-expensive, version of trademark or brand name drugs.

Those less optimistic about the generic-drug stocks point to their volatility and price sensitivity, along with the prospects of increased competition.

Generics are expected to capture a rising share of the prescription-drug market.

"The overall generic-drug industry will become more competitive as both U.S. and Japanese pharmaceutical companies enter the market," said William Francklin, vice president of capital management at Morgan Grenfell Inc.

"We anticipate the profitability of generic companies to erode as they expand their sales forces" to meet the competition, he said. "Overall, the earnings growth rate of generic companies could be reduced from more than 50 percent to between 20 and 30 percent."

Mr. Francklin said that his firm was recommending Bolar, but considered LyphoMed "still much too expensive." LyphoMed closed Tuesday in over-the-counter trading at $18.125 bid, while Bolar finished at $22.375 on the American Stock Exchange.

Bolar has shown steady earnings and revenue growth over the past decade. Last April it received marketing approval from the Food and Drug Administration for a nitroglycerin transdermal system that consists of patches to be worn on the skin for treatment of angina pectoris. The U.S. market is estimated at $200 million.

Among the leading U.S. drugs that will soon lose patent protection are Merck & Co.'s Clinoril, an anti-inflammatory drug; Pfizer Inc.'s Procardia, a cardiovascular agent, and Feldene, an anti-arthritic; and SmithKline Beckman Corp.'s Tagamet, an anti-ulcer drug.

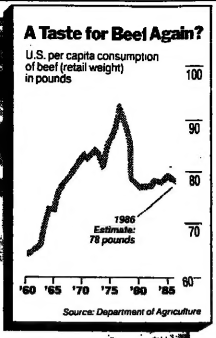
LOUIS C. WEBB JR., a drug analyst with Advest Inc. in Hartford, Connecticut, believes that Mylan Laboratories could be one of the biggest beneficiaries of the growth in generics. Mylan is the largest independent maker of generic drugs, with about 40 ex-patent drugs in its line.

Mr. Webb, who rates Mylan as a "buy," expects it to equal or exceed the generic-drug industry's growth rate of 16 percent to 20 percent a year through the rest of the decade as generics capture a rising share of the prescription-drug market.

He also expects Mylan's earnings to rise by 32 percent in the fiscal year 1987, ending next March 31, to between 73 cents and 77 cents a share, and 33 percent the following year, to $1 a share.

A major plus for Mylan is its ownership of the new drug application and patent on Maxzide, a major anti-hypertensive prescription drug. Maxzide is expected to contribute $22 million to the company's bottom line in the fiscal year 1987 and $57

See GENERICS, Page 17



The New York Times/Frank C. Dougherty

The new, lean look in beef, promoted at a ShopRite store in Edison, New Jersey.

Designer Steaks: Beef Packers Start Branding

By Steven Greenhouse

New York Times Service

DODGE CITY, Kansas — In a top-secret room at the Excel Corp.'s huge plant here, where 5,000 head of cattle are slaughtered a day, the beef packer is carrying out an experiment that it hopes will swell its coffers and help reverse the U.S. beef industry's sagging fortunes.

Inside the room a few dozen workers are cutting beef into portions that will be shipped to supermarkets and sold under the Excel label, making Excel the first large U.S. beef packer to market brand-named beef in a big way.

The packers are hoping that the brand-name approach could do for beef sales what designer labels did for blue jeans: create distinctions where none existed — and do so at higher prices and, presumably, higher profits. If the industry's innovators have their way, a steak will no longer be a steak; it will be a steak by Excel or IBP.

Now, "the only thing not branded in the supermarket is beef," said William D. Parker, vice president for meat merchandising at Kroger Co., one of the largest U.S. grocery chains. "That's one of the reasons it hasn't progressed as well as some other products."

The designer steak is only one of the new offerings intriguing the $30-billion-a-year beef industry in the United States. Companies are experimenting with leaner beef, from the calf on the range to the supermarket counter, where fat is being trimmed to within an eighth of an inch. Packers are testing precooked steaks and roasts that can be eaten after only minutes in the microwave.

Monfort, a leading beef packer, is adding seaweed extract as a binder to restructure beef. Using the technique, the Colorado company can take any cut of beef, remove the bone and fat, and reshape the remaining bits into something that looks like a steak.

All of these innovations are aimed at moving more beef onto the table — and moving the beef industry back to vigor. But to reverse the American consumer's declining interest in buying beef, the industry is also transforming itself.

The big meat companies, which have traditionally been content to let supermarkets do the marketing, are monitoring consumer trends and taking a more active role in reaching the public.

"In the past, being a commodity-oriented business, we didn't have our antennae up to sense change from the consumer," said Manly Molpus, president of the American Meat Institute. "The commodity approach is high-volume, low-cost production. That served the industry well for a long time, but the marketplace changed and we didn't change with it."

Now, he added, he expects to see "more changes in the next 3 to 5 years than in the past 20."

Many observers, including poultry companies, doubt that the beef packers will succeed. While Americans still eat far more beef than chicken — 79 pounds (35.5 kilograms) per capita a year versus 58 — chicken has been gaining in popularity rapidly for years.

Whether the measures will be enough to reverse the consumer's move away from beef remains to be seen, but industry members and critics agree that such changes are badly overdue. In the past decade, beef consumption has plummeted as consumers — worried about cholesterol, interested in easy-to-prepare meals and trying to hold the line on costs — switched to chicken and other foods.

From a record 94.4 pounds per capita in 1976, consumption fell to 79 pounds last year.

That figure was slightly higher in the past three years, but officials are predicting consumption will drop again, to 78 pounds this year. Industry officials are heartened by the modest recovery, which many attribute to a nationwide advertising campaign that seeks

See BEEF, Page 17

Factory Orders In U.S. Declined 1.4% in August

Compiled by Our Staff From Dispatches

WASHINGTON — Orders to U.S. factories for manufactured goods fell 1.4 percent in August, the biggest decline in five months, the government reported Wednesday.

The weakness came from a 26.6-percent plunge in orders for military goods. That volatile category had risen 40 percent in July.

The Commerce Department said orders totaled $191.8 billion on a seasonally adjusted basis in August, $2.8 billion lower than in July. The decline followed a 1.4-percent increase in July and was the biggest drop since a 2.8-percent decrease in March.

Without the big drop in the military category, total factory orders would have been unchanged in August after a 0.1-percent decline, also excluding military orders, in July.

In a separate report, the department's Census Bureau, said spending on construction projects rose 1.1 percent in August to a seasonally adjusted annual rate of $382.2 billion. It was the strongest increase since a 1.6-percent advance in April and was 8 percent higher than the August 1985 total.

The strength in construction in August came from gains in single-family homes and nonresidential buildings, the bureau's report said. Those increases offset a drop in construction of apartment buildings.

The big drop in factory orders included a 3.4-percent decline in orders for durable goods, items expected to last three or more years, and a 0.6-percent increase in orders for nondurable goods.

The decline in durable goods was weaker than an advance report, which had estimated the decline at 2.6 percent.

U.S. factory orders have been depressed for the past 18 months by the rise in manufactured imports. Some observers believe that the U.S. industrial sector will soon get relief from the sharp decline in the dollar, which makes U.S. goods more competitive.

The key category of nonmilitary capital goods fell 4 percent in August after a 3.7-percent increase in July. This category gives clues to industry plans to expand and modernize production facilities.

Orders for transportation equipment fell 8.9 percent with most of the decrease caused by declines in military orders for aircraft, ships and tanks.

Both electrical and nonelectrical machinery were down in August, but orders for primary metals rose 12.9 percent. The steel industry accounted for two-thirds of the increase in metals.

Shipments of manufactured goods dropped 0.2 percent in August to $193 billion, the second consecutive month that shipments have fallen. *(AP, UPI)*

ESPRIT Nears End of Funding

Agence France-Presse

BRUSSELS — Esprit, the European Community's research program on information technology, has almost exhausted the funds allotted to it two years ago, the EC Executive Commission warned Wednesday.

Michel Carpentier, the commission member responsible for technology research, said at a meeting on Esprit that the European Strategic Program for Research and Development in Information Technology would be "broken" if the community did not agree by the end of the year to commit more funds to the project.

Of 1,000 research proposals put forward in the past two years, 200 have been accepted. The projects, which had a total budget of 750 million European currency units ($730 million at current rates), are financed half by the community and half by industries.

Currency Rates

Cross Rates Oct. 1

	$	£	D.M.	F.F.	I.L.	Gldr.	B.F.	S.F.	Yen
Amsterdam	2.2905	3.31	112.98 *	34.555 *	0.1625 *	—	5.447 *	139.22 *	145.29 v
Brussels(a)	42.8625	60.8125	20.7375	6.3335	3.0005 *	18.2545	—	25.564	27.2225 *
Frankfurt	2.0275	2.930	—	30.536 *	1.4465 x	88.515 *	4.82 *	122.28 *	1.312 *
London (b)	1.446	—	2.9285	9.5875	2,024.50	3.3055	60.78	2.3755	222.80
Milan	1,402.00	2,024.30	691.25	211.10	—	611.97	33.32	852.00	9.075
New York(c)	—	0.6916 *	2.018	6.6155	1,396.50	2.2805	41.965	1.6280	154.05
Paris	6.6405	9.593	3.2746	—	4.7575 x	2.9082	15.7925 *	4.027	4.2955 *
Tokyo	154.30	222.96	76.10	23.26	11.02 *	67.39	366.94 *	93.89	—
Zurich	1.644	2.3759	81.175 *	24.79 *	0.1174 *	71.815 *	3.9715 *	—	1.0648 *
1 ECU	1.0317	0.7135	2.0902	6.8443	1,444.98	2.3615	43.3417	1.6956	159.296
1 SDR	1.21121	0.83763	2.45573	8.04084	1,693.33	2.7743	50.9465	1.9934	186.89

Closings in London and Zurich, fixings in other European centers. New York rates at 3 P.M. (a) Commercial franc (b) Amounts needed to buy one pound (c) Amounts needed to buy one dollar (*) Units of 100 (x) Units of 1,000 (v) Units of 10,000 N.Q.: not quoted; N.A.: not available. (+) To buy one pound: $U.S.1.446

Other Dollar Values

Currency	per U.S.$	Currency	per U.S.$	Currency	per U.S.$	Currency	per U.S.$
Argen. austral	1.05	Fin. markka	4.907	Mex. peso	766.00	Soviet ruble	0.6768
Austral. $	1.6026	Greek drac.	134.95	Norw. krone	7.37	Span. peseta	133.35
Austr. schil.	14.25	Hong Kong $	7.8035	Phil. peso	20.00	Swed. krona	6.90
Belg. fin. fr.	42.47	Indian rupee	12.76	Port. escudo	146.50	Taiwan $	36.71
Brazil cruz.	13.77	Indo. rupiah	1,630.00	Saudi riyal	3.7505	Thai baht	26.065
Canadian $	1.389	Irish £	0.7391	Sing. $	2.1705	Turkish lira	668.40
Chinese yuan	3.7147	Israeli shek.	1.4823	S. Afr. rand	2.222	UAE dirham	3.6728
Danish krone	7.6325	Kuwaiti dinar	0.2924	S. Kor. won	876.20	Venez. boliv.	19.00
Egypt. pound	1.35	Malay. ring.	2.626				

£ Sterling: 1.0688 Irish £

Sources: Banque du Benelux (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); BAII (dinar, riyal, dirham); Gosbank (ruble). Other data from Reuters and AP.

Interest Rates

Eurocurrency Deposits Oct. 1

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	ECU	SDR
1 month	6-6⅛	4½-4⅝	3 ¾-3 ⅞	10 ¾-10 ⅞	7⅞-8	7¼-7⅜	6⅛
2 months	6-6⅛	4½-4⅝	3⅞-4	10 ¾-10 ⅞	7⅞-8⅛	7¼-7⅜	6⅛
3 months	5 ⅞-6 ⅛	4⅝-4¾	4-4⅛	10¾-10⅞	7⅞-8⅛	7¼-7⅜	6⅛
6 months	5 ⅞-6 ⅛	4 ⅝-4 ¾	4⅛-4¼	10⅝-10⅞	7⅞-8	7¼-7⅜	6⅛
1 year	6⅛-6¼	4 ⅝-4 ¾	4⅛-4¼	10⅞-11	7⅝-7⅞	7¼-7⅜	6 ⅛

Sources: Morgan Guaranty (dollar, DM, SF, Pound, FF); Lloyds Bank (ECU); Reuters (SDR). Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates Oct. 1

	Close	Prev.
United States		
Discount Rate	5½	5½
Prime Rate	7½	7½
Broker Loan Rate	6¾-7	6¾-7
Federal Funds	5 15/16	6⅛
Com Paper 30-179 days	5.53	5.53
3-month Treasury Bills	5.18	5.18
6-month Treasury Bills	5.37	5.37
3-month CD's	5.45	5.65
6-month CD's	5.65	5.70
Japan		
Discount Rate	3½	3½
Call Money	4 11/16	4 11/16
2-month interbank	4⅝	4⅝
3-month interbank	4¾	4¾
West Germany		
Lombard Rate	5.50	5.50
Overnight Rate	4.50	3.75
1-month interbank	4.65	4.60
3-month interbank	4.65	4.60
6-month interbank	4.65	4.60
Britain		
Bank Base Rate	10	10
Call Money	10	10
3-month interbank	10 3/16	10 15/16
91-day Treasury Bill	10⅛	n.a.
France		
Intervention Rate	7	7
Call Money	7⅛	7⅛
1-month interbank	7 3/16	7 3/16
3-month interbank	7 3/16	7 3/16
6-month interbank	7 3/16	7 3/16

Sources: Reuters, Bank of Tokyo, Commerzbank, Crédit Lyonnais.

Asian Dollar Deposits Oct. 1

1 month	6 - 6⅛
2 months	6 - 6⅛
3 months	6 - 6⅛
6 months	6 - 6⅛
1 year	6⅛ - 6¼

Source: Reuters.

U.S. Money Market Funds Oct. 1

Merrill Lynch Ready Assets
30 day average yield: 4.95
Telerate Interest Rate Index: 5.772

Source: Merrill Lynch, Telerate.

Gold

Oct. 1

	A.M.	P.M.	Ch'ge
Hong Kong	425.63	424.88	+ 2.75
Luxembourg	425.50	—	+ 4.05
Paris (12.5 kilo)	421.89	421.54	+ 2.11
Zurich	424.15	424.05	− 0.95
London	425.50	425.00	+ 1.80
New York	—	425.20	− 0.60

Luxembourg, Paris and London official fixings; Hong Kong and Zurich opening and closing prices; New York spot market close. All prices in U.S. $ per ounce.

Source: Reuters.

To Our Readers

Today's U.S. over-the-counter stock listing has been updated by The Associated Press to ensure that it includes only the 1,000 biggest OTC companies as measured by dollar value of share volume. The list will again be updated April 1, 1987, and Oct. 1, 1987.

Fiat, Ford to Square Off In Bid for Alfa Romeo

Reuters

MILAN — Fiat, Italy's biggest private industrial group, and Ford Motor Co. are about to square off in a contest to acquire control of Alfa Romeo SpA, the unprofitable state-owned auto manufacturer, industry analysts agree.

Ford, the second biggest U.S. automaker, announced Wednesday that it had submitted a formal offer for Alfa to the Italian company's parent, the state holding company Finmeccanica. It declined to give details beyond saying that the two companies had been working together on a reorganization plan for Alfa.

Ford said it had been promised a reply to its bid by Nov. 7.

Earlier news reports, which neither Ford nor Finmeccanica has denied, say the U.S. automaker is prepared to take an initial 20-percent stake in Alfa, which it would then raise to a controlling 51 percent in three years.

Alfa would be nursed back to profit by 1990 while retaining a separate corporate identity, according to a draft agreement.

But Fiat's chairman, Giovanni Agnelli, entered the fray last week, saying Fiat could more than match any Ford offer. He declined to unveil his plans until Ford made its bid public, however.

Fiat, which broke off merger talks with Ford last year, is flush with cash, analysts pointed out. Moreover, they contend, the government would be hard-pressed to turn down a competitive bid for Alfa from an Italian company.

"If Fiat makes a credible offer, I really do not see how the government can reject it," an official at a big U.S. bank said. "Let's not forget that this is a highly nationalistic industry."

The prize is a company that, despite enormous losses, has a reputation for well-styled cars and superior engineering. Alfa produces 200,000 cars a year and holds an estimated 6.6-percent stake of the Italian market.

However, it had debts of around $1.3 billion at the end of 1985 and is forecast to post a loss of about $170 million this year.

Stoltenberg Warns of Damage in Dollar Fall

Compiled by Our Staff From Dispatches

WASHINGTON — West Germany's finance minister, Gerhard Stoltenberg, said Wednesday that a further fall of the dollar would increase the threat of inflation, might lead to higher interest rates and could damage the U.S. economy.

Mr. Stoltenberg said he believed that the dollar would remain fairly stable in the short term but over the next few months economic data would have a great influence on exchange rates.

The dollar weakens on Baker's comments. Page 17.

He said discussions among finance ministers attending the annual meetings in Washington of the International Monetary Fund and World Bank had brought positions of major countries closer. But he said that did not mean all the differences had been settled.

Mr. Stoltenberg again rebuffed pleas by U.S. officials that West Germany and Japan take steps to stimulate growth, steps that include a lowering of interest rates.

"Artificial stimulation of demand would set the stage for the next stabilization crisis," Mr. Stoltenberg said. "It is essential to avoid drifting back to short-term economic fine tuning."

Mr. Stoltenberg reiterated that West Germany did not intended to change economic policies or to speed up tax cuts and tax reform that the government has planned if it is returned to office in elections in January.

He said a speech by the U.S. Treasury secretary, James A. Baker 3d, should have emphasized the need for U.S. industry to work harder at becoming more competitive in world markets.

In a speech Wednesday at the IMF-World Bank meeting, Mr. Baker voiced frustration over the refusal of U.S. trading partners to do more to spur their economies. He reiterated the U.S. administration's contention that more open markets and increased growth abroad were needed to quash protectionist sentiment in the United States. *(Reuters, AP)*

Soviet Reports Deficit in Trade With West

Reuters

MOSCOW — The slump in world oil prices kept the Soviet Union's trade with the West in the red for the first six months of 1986, with both exports and imports falling in volume, according to official figures published Wednesday.

The Soviet Union had a 2.3-billion-ruble ($3.3-billion) merchandise-trade deficit with the West from January to June, according to statistics published in this month's edition of a foreign trade journal, Vneshnyaya Torgovlya.

Western embassy economists said the deficit was smaller than in the first six months of 1985, when it reached 2.4 billion rubles. For the whole of 1985, the deficit was 689 million rubles.

Exports to the West fell to 6.5 billion rubles in the first half of the year, 20 percent less than in the first six months of 1985. Imports fell 17 percent to 8.8 billion rubles, the statistics showed.

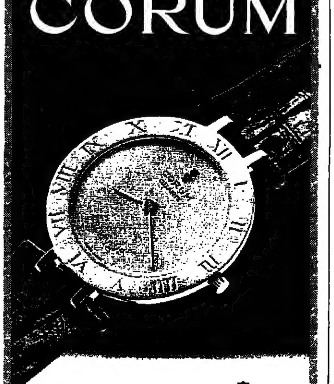
The economists said Moscow had avoided a worse trade balance by restricting imports from the West and slightly increasing trade with East European allies. Moscow also sold a large amount of gold, apparently in an effort to reduce the deficit, the economists said.

They said the drop in oil prices was the main reason for Moscow's poor trade record. Sales of oil, oil products and gas comprised about 80 percent of Soviet hard-currency earnings before the price fall. Uncertainty and reluctance to sign contracts after recent measures to restructure Soviet foreign trade, giving large industrial concerns the right to trade with Western markets independently, had also restricted imports, they said.

Sharp cuts in Soviet grain purchases more than halved the value of U.S. exports to the Soviet Union to 845 million rubles. Exports by Argentina, also a major grain supplier to Moscow, slumped by more than 80 percent, to 126 million rubles.

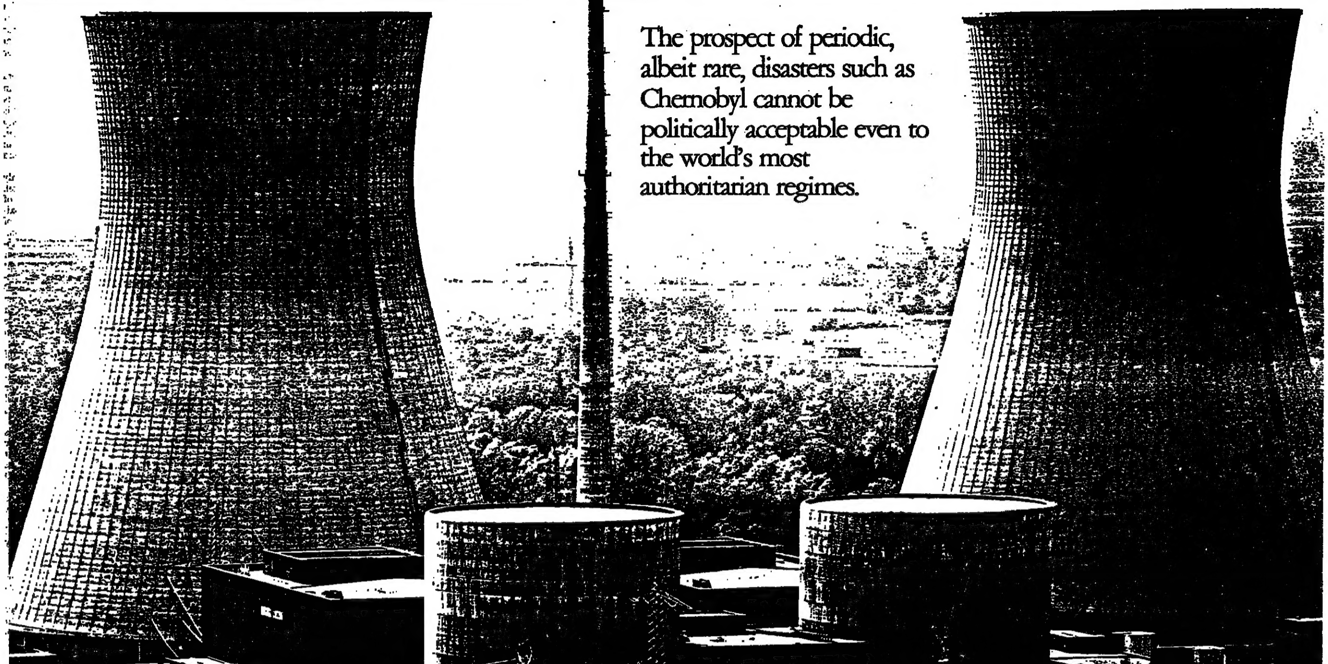
The economists said the fall in Soviet grain imports suggested an increase in the slaughter of livestock rather than a significantly better harvest.

Moscow has said the harvest would be better this year than in 1985 but has not issued harvest figures since 1980. The U.S. Agriculture Department estimated last year's crop at 190 million metric tons (209 million short tons) and this summer forecast the 1986 harvest at 180 million metric tons.



International Herald Tribune Special News Report Thursday, October 2, 1986

Energy



The Future After Chernobyl: A New Nuclear Technology?

By I.C. Bupp

CAMBRIDGE, Massachusetts — For 30 years there has been a single point of agreement between advocates and critics of nuclear power: The radioactive material in the core of a nuclear power plant must be contained *at all costs*. In fact, it is precisely the universal agreement on a literal interpretation of this requirement that has been the principal cause of the huge increases in the average cost of the nuclear power plants built in most countries during the 1970s and 1980s.

Offsetting the point of basic agreement between nuclear advocates and nuclear critics, however, is profound disagreement on an equally basic point. Many critics of nuclear power have long insisted that accidental releases of large amounts of radioactive material from nuclear power plants are inevitable. Most advocates have contended that, at some cost, they are preventable.

The accident at Chernobyl will be taken by many persons to have decisively settled this argument. In particular, the accident in the Soviet Union may convince many of the world's political leaders that the nuclear critics were correct. If so, then Chernobyl will mark the end of the first generation of nuclear power reactor technology. The reason is that in the past nearly all of the world's political leaders have accepted the assurances of nuclear advocates that the chances of this type of catastrophe actually happening were effectively, if not absolutely, zero.

The prospect of periodic, albeit rare, disasters such as Chernobyl cannot be politically acceptable even to the world's most authoritarian regimes. Consider the costs of Chernobyl that are already known: The utter destruction of an industrial plant worth many hundreds of millions of dollars; human injury and loss of life at least numbering in the many hundreds and perhaps eventually in the many thousands; hundreds of square miles of property made worthless for any economic or social purpose for many years, or "cleaned up" only at costs of many billions of dollars; potential ill-effects over a much wider area, involving many other countries.

The blunt fact is that the full costs of an accident like Chernobyl — by any rational system of reckoning — could far exceed the resources of any of the world's private commercial institutions and of most of the world's governments. The reality of the Soviet government facing the prospect of virtually abandoning hundreds of square miles of precious agricultural land is very likely to add a critical new dimension to the perception of governments elsewhere on the acceptability of nuclear power.

In the short-term — this year and next — the accident's most obvious effects are likely to occur in the United States, where, the last order for a nuclear plant that has not been subsequently canceled was placed in 1973. The first U. S. victim of the Soviet accident appears to be the Seabrook plant in New Hampshire. Operation of this plant will be considerably, perhaps indefinitely delayed by the process of developing evacuation plans for the 10-mile radius around the plant which includes six towns in the neighboring state of Massachusetts.

Even before Chernobyl there was opposition to Seabrook's operation from these towns. Now, they have formally refused to participate in the evacuation planning process. This duplicates an impasse which had existed for some time in New York state over evacuation planning for the Shoreham nuclear plant. The heart of the problem is that the Nuclear Regulatory Commission's (NRC) rules require the full cooperation for issuing operating licenses to nuclear plants. In light of the obvious importance of evacuation at Chernobyl, it will be extremely difficult for the NRC to water down its emergency planning requirements.

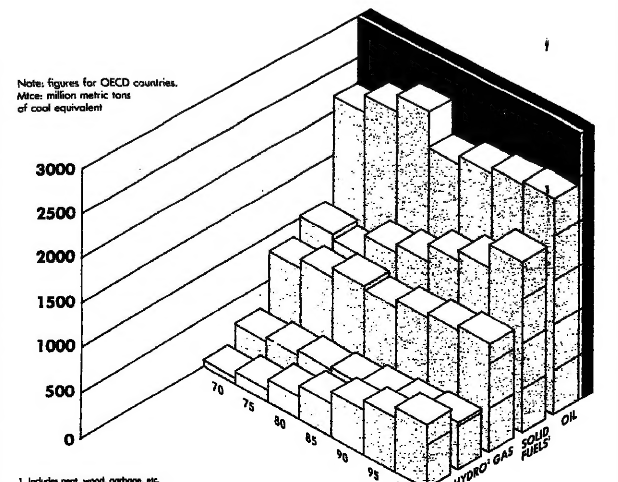
Another layer of problems caused by Chernobyl for the U. S. nuclear industry has to do with NRC scrutiny of operator qualification, operations management, and quality assurance/quality control programs at many nuclear power plant sites. Today, several previously licensed U. S. nuclear plants are either fully shut down or under a thick cloud of suspicion because of questions about operator and/or management competence. The accident at Chernobyl has proven that unlikely combinations of physical events and gross operators must be taken very seriously although the combined level of both at Chernobyl has surprised many. This proof is certain to make U. S. nuclear regulators even more cautious about allowing the operation of plants where there are reasons to believe that either personnel or equipment may be substandard. Unbalanced, it seems quite possible that because of Chernobyl several additional U. S. nuclear plants that are near completion will be canceled and that some previously licensed plants may be permanently shut down.

This last round of bad news for the nuclear industry makes it very likely that the next nuclear plant to start construction in the U. S. will be of a fundamentally new design. Attention in Western Europe and Japan is also shifting to new designs. The world's first generation nuclear power plants have at least two characteristics that increasingly seem very undesirable. First, they are extremely large. Second they require many engineered safety features. Neither of these undesirable characteristics is in any way inherent in nuclear power plant generating technology. The first is the result of a business decision made 25 years ago by the reactor manufacturers who believed, on then reasonable grounds, that very large plants were a competitive necessity. Today, a better understanding of the economics of nuclear power suggests that, everything else equal, very large plants may have severe economic disadvantages. At the very least there is little evidence that large size confers decisive economic advantage.

Likewise there is no physically inherent reason why reactor designs must totally depend on engineered safety features to prevent catastrophic releases of radioactive material. While all designs entail some risks, several that have been well-known to scientists and technicians for some time have features which make them to a considerable degree *inherently* safe reactors. Chernobyl is the signal that the time has come for the world's nuclear industry to provide such a product and to abandon technologies that were the supposed answer to yesterday's economic and commercial problems.

DR. I.C. BUPP, managing director of Cambridge Energy Research Associates, is editor of the new study, "The New Electricity Business."

The Energy Outlook:
How fuel consumption patterns may change



1. Includes peat, wood, garbage, etc.
2. Includes solar, wind, etc. in 1995 and 2000; 1995: 13 Mtce; 2000: 30 Mtce.

Source: OECD, IEA/OECD Energy Balances, 1985 SIT Country Submissions

'Good Sweating' in Oil Industry Puts the Burden on the Suppliers

By Joseph Stanislaw and Daniel Yergin

CAMBRIDGE, Massachusetts — Now that OPEC has devised a new accord, is the "good sweating" over in the oil market? Last December, the words "market share" were enough to prove that the emperor was wearing no clothes — that a \$27 to \$28-a-barrel price had no credibility in the midst of continuing surplus.

The subsequent collapse carried prices to as low as \$6 a barrel for some cargoes. To consumers, this was a great boon. The oil import bill of the industrial countries in 1985 was \$155 billion, compared to a possible \$80 billion in 1986. Many West European governments reduced the savings to consumers by adding new taxes at, for instance, the gasoline pump. But in the United States, motorists saw gasoline prices fall to 90 cents a gallon, compared to \$1.20 in 1985 — and in some areas to as low as 60 or 70 cents.

But for the oil industry the collapse was devastating. All participants are suffering from "a good sweating" — the term was first used in the industry by John D. Rockefeller to describe the pressure he would put on his competitors. Only a few companies had prepared themselves in advance for the 1986 sweating. Since the price fall, company budgets have been cut and then cut again. Exploration has stopped in many places, especially in North America. Development has been slowed throughout the industry. The confidence required to make long-term commitments has been in strikingly short supply. The only part of the industry doing well has been refining. The West European refining industry, long-suffering, has become very profitable in 1986 — the one bright spot in the generally deplorable company results.

Revenues of the oil producers plummeted. The Organization of Petroleum Exporting Country's 1985 earnings were about \$128 billion. If the price levels of the first half of 1986 continued for the rest of the year, OPEC's revenues this year would be only \$80 billion to \$85 billion — creating tremendous economic and political problems for the countries so dependent upon oil revenues.

But OPEC is hardly alone. Several other countries — from Mexico to Norway to Malaysia — have been to varying degrees similarly affected.

This points to one of the central *facts* of the world oil market — the degree to which OPEC no longer aptly describes the world of oil exporters and producers. OPEC's crude oil, as a share of total free world consumption, declined from 60 percent in 1979 to 35 percent in 1985. OPEC's "declaration of market share" was a clear statement that the OPEC countries — and in particular Saudi Arabia — are not willing to bear the burden alone for holding oil prices up for everybody else.

> The only part of the industry doing well has been refining.

By this summer, a paralyzing pessimism had gripped the oil industry worldwide. At that point, OPEC surprised almost everybody — including many OPEC countries — by forging its new "stop gap" agreement. At its heart, it represents a truce between Iran and Saudi Arabia. The other OPEC countries have gone along because they have little to lose and a great deal to gain — perhaps a 50 to 100 percent increase in revenues.

In a major new departure, several non-OPEC exporters seem to have subscribed as well — and for the same reason. These nations have little to lose and a great deal to gain. Even the Soviet Union, which has normally sought to distance itself from OPEC, has indicated that it will cut back its exports to the West by 100,000 barrels per day — although the question remains from what level it is cutting back.

OPEC now does have a chance to obtain the kind of market share it wants — not the 20 million barrels per day that was discussed last winter, but 17.5 million to 18 million barrels. The good sweating has changed some of the dynamics of the oil market. Non-OPEC production looks to be 28.0 million barrels per day in 1986, compared to the level of 28.4 million barrels per day that had been projected before December 1985. Demand, instead of being flat in 1986, looks to be up 0.8 to 1.0 million barrels per day. And competition among fuels has intensified, particularly between oil and gas worldwide.

But what happens when the accord expires? The next critical point is next week, when OPEC meets to try to turn the temporary agreement into a more lasting one. It looks to be a complex effort, for it will involve such difficult matters as working out seasonal quotas. Moreover, there remains a large overhang of inventories, which are a competitive alternative to OPEC oil. Finally, there is the question of numbers. Some 20 countries have now subscribed in one degree or another to the "stop gap" agreement. Even though the "good sweating" is not going to be quickly forgotten, some, inevitably, will find it hard to resist the temptation to go for just a little more.

Volatility of prices, rather than stability, still looks to be the norm, given the current conditions in the world market.

JOSEPH STANISLAW, managing director for Europe & Middle East of Cambridge Energy Research (CERA), prepares "The World Oil Watch."

DANIEL YERGIN, CERA president, is editor of the recently published "Oil and Gas After the Price Collapse: The New Competition."

Gas Market Holds, Projects Proceed Despite Price Drop

Although oil and gas prices are inevitably linked, the gas market is more stable by nature.

By Patrick Crow

WASHINGTON — The disarray in world oil prices has dampened, but not doused, the international gas market.

A surplus of deliverable gas and the sharp decline of world oil prices undeniably have had an impact on the world gas market. It continues to be a buyers' market, but not to the extent that field operators have shelved plans for future gas projects, which is virtually the case with oil.

Although prices of the two fuels are inevitably linked, the gas market is more stable by nature. Crude is shipped and swapped fluidly throughout the world, and its price has been increasingly determined by the spot market.

Gas is sold under long-term contracts that provide stability of volumes and prices and are designed to enable the construction of pipeline or liquefied natural gas facilities to connect the field and the distributor.

Major gas consumers and utilities have been pressing, in both Europe and North America, to reduce the prices in old contracts.

For instance, Gaz de France is attempting to renegotiate all of its gas import contracts this year. It already has saved about two billion francs (about $303,000,000) a year by renegotiating Soviet and Dutch contracts.

And it has reached an interim agreement with Sonatrach to key Algerian gas prices to the Soviet/Dutch index. When oil prices were rising in the early 1980s, Algeria was one of the first countries to link gas with crude prices. Gaz de France is Algeria's biggest liquefied natural gas customer, and the interim agreement is the basis for similar temporary pricing arrangements with Belgium, Spain and Italy.

Although gas prices may be lower in the near future, companies are continuing with plans to develop gas reserves throughout the world. Crude oil prices are expected to rebound by the mid-1990s, about the time most of the currently planned gas projects would come on stream. And gas pipeline networks in Europe and North America will need to replace present, ever-diminishing supply sources.

The preeminent example of the strong and stable long-term nature of the gas market is Norway's recent $64-billion contract to sell gas from the Troll and Sleipner fields in the North Sea.

The price assumes that oil will be selling for $28 per barrel when the gas is delivered, since the price of the gas is pegged to the market price of oil products at that time.

The sale will require a $7.7-billion construction program to develop the fields and build 693 miles (1,122 kilometers) of large-diameter pipeline, including a 514-mile undersea connection to a new terminal at Zeebrugge, Belgium.

The gas will be be sold to a European gas consortium, led by Ruhrgas AG of West Germany, which will take 15.88 trillion cubic feet (450 billion cubic meters) in all. Deliveries are to begin in 1993 at 387 million cubic feet per day and to increase to 1.9 billion by the year 2000.

The sale will make Norway dominant in the supply of gas to Europe. It already is exporting its entire daily production of 2.3 billion cubic feet to Britain, from the Frigg field, and to the continent, from Statfjord and Ekofisk fields.

Currently, Norway is Europe's second biggest gas supplier, behind Holland with 3.3 billion cubic feet per day and ahead of the Soviet Union at 2 billion and Algeria at 1.8 billion cubic feet per day.

The sale may make it difficult for the Soviet Union to expand its sales, as projected, to about 3.8 billion cubic feet per day in the 1990s and up to 5.3 billion by 2000.

Another producer, Indonesia, is undaunted by the slip in crude prices. Its gas production and exports, all in the form of liquefied natural gas, have increased steadily and should continue to expand over the next few years.

Production in 1985 rose by 3.5 percent to 1.58 trillion cubic feet, and is centered in two areas — Arun in northwest Sumatra and Badak in East Kalimantan.

The state oil company, Pertamina, and units of Esso and Conoco are studying the feasibility of transporting some of the 40 trillion cubic feet of reserves they have discovered off Natuna Island through a 550-mile pipeline to the Sumatran mainland.

There the gas would be used to displace up to 40,000 barrels daily of crude that would be needed for the world's largest steam injection project, at Duri field. The project is designed to reverse a production decline at the 45-year-old field.

Gas projects are continuing in other smaller producing countries, eager to develop underused gas resources to power electric systems and industrial plants.

Nigeria, for instance, continues to press for completion of a fertilizer plant near Port Harcourt. The project has outlasted four governments, two coups, two boards of directors, local resistance and financing delays in the past 10 years.

It will use Nigerian gas feedstocks to produce on a daily basis up to 1,000 metric tons (1,100 short tons) of ammonia, 1,500 metric tons of urea, and 1,000 metric tons of mixed fertilizers.

A recent International Energy Agency report, largely written before oil prices slumped, characterized natural gas as being at a crossroads.

The report said although there is no shortage of gas in the foreseeable future, falling oil prices will reduce gas supplies and will hasten restoration of a balance of gas supply and demand.

It says despite the current world gas surplus, new fields must be developed to meet declining production from existing fields and satisfy future increases in demand.

But the IEA report notes that exploration and development requires long lead times, especially for offshore projects, and thus the current investment climates will help shape the gas market in the 1990s.

The report projects that within the Organization for Economic Cooperation and Development countries the gas share of total primary energy requirements will fall from 18.3 percent in 1983 to 17 percent by the year 2000.

Most of that decline will result from less electric consumption, which will rely on gas for 6 percent of its generating energy, versus 9.2 percent in 1983.

IEA predicts gas use will fall slightly in the industrial sector, from 24.6 percent in 1983, but increase in the residential/commercial sector from 32.8 percent in 1983 to 33-34 percent by 2000.

Gas is now 15 percent of the total primary energy requirements in Europe and that will remain unchanged, but declining industrial use will cut the share in the United States by three percentage points to 21 percent.

PATRICK CROW, a freelance writer based in Washington D.C., specializes in energy-related issues.

Vioujard/Gamma

Worker adjusts valves on gas pipeline in Algeria.

Why the Oil Threat Has Lost Its Punch

By Bart Collins

LONDON — The dramatic fall in world crude oil prices from the beginning of last December to the end of July has smashed firmly set economic assumptions of the world primary energy resource industries. The scale and sharpness of the fall — from $28 a barrel in December to $8.30 a barrel in July — and their impact have still to be fully absorbed by the energy world, particularly major oil companies.

After 13 years of oil and energy price domination by the Organization of Petroleum Exporting Countries, the world was seemingly about to usher in a new era of low-priced energy. Oil would resume its former pre-eminence on the world energy scene. This cannot happen.

When the OPEC states took equity control of oil and gas reserves within their borders in October 1973 they also seized the right to set world oil prices. Within three months prices quadrupled. In 1973 oil consumption within Organization for Economic Cooperation and Development (OECD) countries was running at 39.7 million barrels a day.

Inevitably there was a perception within OECD nations, the oil importing states, that dependence on oil should be cut. Plans were evolved to boost the role of natural gas, coal and nuclear power. There were also efforts to encourage energy conservation and co-generation.

The Organization for Economic Cooperation and Development oil market in 1973 was ruled by the heavy fuel oil trade. In Europe, for instance, heavy fuel oil from the "bottom of the barrel" accounted for 50 percent of primary energy needs. Electricity generation, glass, steel, cement and brick manufacture consumed millions of tons of low-priced fuel oil every year.

It was this sector of the OECD that suffered most after 1973. This vulnerability was accentuated in 1979 when crude oil reached a record high price of $40 a barrel.

By 1979 OECD oil usage had reached an all time high of nearly 41 million barrels a day despite the persistent increase in oil prices of the previous six years. From that time OECD governments began to seek oil alternatives and energy conservation in earnest. Nuclear power, natural gas, steam coal and energy conservation began to play more prominent roles in the energy economies of industrial nations.

By the end of 1985 OECD oil demand had fallen back to 33.6 million barrels a day. It is this decline in demand coupled with increased oil availability within OECD countries that has defeated OPEC.

OECD usage of energy resources alternative to oil has had another grave impact. The heavy fuel oil market within the world's industrial sector has virtually disappeared. It is estimated that between 1973 and 1984 demand for heavy fuel oil fell by 50 percent, equivalent to 5.5 million barrels a day.

Over the same period there was a huge increase in the OECD energy contribution in equal amounts from nuclear power and steam coal, equivalent to 7.5 million barrels of oil a day. Coal and nuclear power have made heavy inroads into the heavy fuel oil market for electricity generation. It is estimated that coal and nuclear use for power stations accounts for about a third of the lost fuel oil market.

Electricity itself, copiously available from new nuclear-powered plants, especially in France, has also robbed heavy fuel oil of its OECD energy market share. The assessment is that coal, nuclear power and nuclear electricity account for half the lost OECD fuel oil market. The rest is accounted for by competition from natural gas, energy conservation measures and reduced demand caused by recession.

Existing nuclear plants will almost certainly not be affected by future competition from oil. Further, there is likely to be a further loss of fuel oil demand in OECD countries, approximately 3 million barrels a day, because of nuclear electricity plants nearing completion.

Some account must be taken of the Chernobyl Effect in assessing the future role of nuclear power, however. The Soviet nuclear accident has already caused cancellation or postponement on several new nuclear projects in OECD countries. No existing nuclear plants have been closed. None nearing completion have been cancelled. What nuclear power we have is here to stay. It is the starting of new construction that is being debated.

There is no hope of a new heavy fuel oil market. There is cold comfort for fuel oil when set against the steam coal market. It is estimated that the price of oil would have to be sustained for a long period at price levels well below $10 a barrel if oil were to regain its electricity generation role from coal.

Since the end of July world crude oil prices have much improved. Brent blend crude is now hovering around $15 a barrel. Eighty percent up on its end July price, the world oil trade believes that the $10 barrel, like the OECD heavy fuel oil market, is gone.

The impact of energy conservation methods and co-generation systems on OECD industry has been highly successful in cutting energy costs. They have been installed over several years at large cost. It is unthinkable that they will be ripped out because the price of oil has fallen.

There are savings to be made even with low cost energy, particularly since saving systems are already installed.

OPEC pricing activity over more than 10 years has led the industrial world to seek and use energy resources alternative to oil. As a result the world market for heavy fuel oil has been demolished never to return.

Profit policy of major oil companies is now based on transport fuels. This has called for new plans, new plants and new investment. Their markets, like OPEC's, now depend on cars, trucks, railways, ships and aircraft. Oil is to be burned for moving, not for power.

BART COLLINS is the editor of Petroleum Times.

NYSE Most Actives

	Vol.	High	Low	Last	Chg.
USX Cp	110421	25	23	24¾	+1
OvrnT s	34025	42⅞	42⅛	42¼	— ⅜
NiaMP	31121	18¼	17	17½	—2⅜
Limitd s	18196	26⅛	25½	25⅝	
WnAirL	16405	12	11⅞	12	+ ⅛
Mobil	15765	38⅛	37⅝	37¾	+ ¼
LuckyS	15289	35½	35	35⅛	— ⅛
IllPowr	15254	30½	30⅛	30½	+ ¼
Syntex s	14140	54½	52⅞	53⅛	— ⅝
PhilPet	13454	10⅝	10⅛	10½	+ ⅜
AldStr s	12549	64⅛	63⅝	63⅝	— ⅛
IBM	12544	135½	132¼	132¾	—1¾
PanAm	11396	5⅞	5⅝	5⅝	+ ¼
Chevrn	11250	45⅛	44¼	44⅝	+ ⅛
AMR	[illegible]	[illegible]	[illegible]	58⅞	+2⅛

Dow Jones Bond Averages

	Prev. Close	Today Noon
Bonds	90.75	90.81
Utilities	91.75	91.90
Industrials	89.75	89.71

Market Sales

NYSE 3 p.m. volume	118,510,000
NYSE prev. cons. close	148,322,520
Amex 3 p.m. volume	6,990,000
Amex prev. cons. close	9,160,000
Prev. OTC 4 p.m. volume	100,811,800

NYSE Diary

	Close	Prev.
Advanced	1043	1012
Declined	556	543
Unchanged	374	442
Total Issues	1973	1997
New Highs	13	14
New Lows	13	14

NYSE Index

	High	Previous Low	Close	Today 3 P.M.
Composite	134.17	133.21	133.44	135.15
Industrials	153.48	152.22	152.48	154.55
Transp.	116.44	115.19	115.74	117.76
Utilities	72.43	72.14	72.24	72.76
Finance	141.10	140.40	140.75	142.96

Odd-Lot Trading in N.Y.

	Buy	Sales	*Sh'rt
Sept. 30	193,870	476,673	86,315
Sept. 29	183,469	387,118	12,914
Sept. 26	174,519	366,130	31,582
Sept. 25	197,267	402,140	4,392
Sept. 24	230,719	408,829	22,953

*Included in the sales figures

Wednesday's NYSE Closing

Via The Associated Press

Dow Jones Averages

	Open	High	Low	Last	Chg.
Indus	1775.03	1805.82	1762.65	1782.90	+ 15.32
Trans	809.63	824.63	803.63	815.13	+ 14.75
Util	199.55	201.80	198.29	199.93	+ 0.22
Comp	707.32	719.14	702.37	710.65	+ 7.19

AMEX Diary

	Close	Prev.
Advanced	352	325
Declined	236	255
Unchanged	234	215
Total Issues	822	795
New Highs	9	7
New Lows	15	16

Standard & Poor's Index

	High	Previous Low	Close	Today 3 P.M.
Industrials	258.11	254.26	256.86	259.72
Transp.	193.58	190.00	191.50	190.40
Utilities	109.57	109.03	109.09	110.20
Finance	26.91	26.59	26.80	27.28
SP 500	233.01	229.91	231.32	234.59
SP 100	—	—	219.62	221.59

NASDAQ Index

	Prev Close	Today 3 p.m.	Week Ago	Year Ago
Composite	350.47	352.54	353.37	281.77
Industrials	344.16	346.39	347.78	286.29
Finance	482.84	—	483.18	366.60
Insurance	425.30	—	429.14	331.73
Utilities	316.43	—	321.47	262.92
Banks	403.70	—	409.55	297.62
Transp.	322.95	—	321.09	257.99

Previous NASDAQ Diary

	Close	Prev.
Advanced	1,197	645
Declined	835	1,419
Unchanged	2,392	n.a.
Total Issues	4,424	n.a.

AMEX Most Actives

	Vol.	High	Low	Last	Chg.
TexAir	6659	36½	34¾	35	+ ⅜
Wickes	2799	4¼	4⅛	4¼	+ ⅛
EntMkt	2556	18¼	17	17⅝	+1⅛
HmeSh s	2510	42	38⅛	38¼	—3⅝
IntThr	2433	1¾	1⅝	1½	— ⅛
TIE	2426	3⅝	3½	3⅝	— ⅛
HmeGp	2070	19⅝	19	19½	+ ½
LorTel n	1735	18¼	17	18¼	+ ¾
FAusP n	1575	8⅝	8⅛	8¼	— ⅛
BAT	1494	6⅝	6⅜	6⅜	
AM Intl	1462	5⅞	5⅝	[illegible]	
NwLine n	1362	7⅝	7⅜	7⅜	— ⅛
WangB	1217	12⅝	12¼	12⅝	
DWG	1113	2¾	2½	2¾	+ ¼
Hasbr s	1074	27¾	26⅞	27½	+ ¾

AMEX Stock Index

High	Previous Low	Close	Today 3 P.M.
260.80	259.50	260.69	261.90

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

NYSE Rises in Active Trading

United Press International

NEW YORK — Prices on the New York Stock Exchange closed higher Wednesday in active trading.

The Dow Jones industrial average, which rose 12.38 Tuesday, closed up 15.32 at 1,782.90.

Advances led declines by a 2-1 ratio. Volume was 144.76 million shares, up from 124.88 million Tuesday.

Prices were higher in moderate trading of American Stock Exchange issues.

Analysts said government data released Wednesday showing that factory orders fell 1.4 percent in August while construction spending rose 1.1 percent showed that U.S. economic growth remains lethargic and that there is little reason to expect higher interest rates.

Monte Gordon, research director at Dreyfus Corp., called the climb "a sign that the market's nerves, which were rubbed raw, are beginning to settle down."

But he said the market could "retest" its lows.

"The market has bounced; it will go up and then down again," he said. "The correction process is not over."

Harry Villec of Sutro & Co. in San Francisco agreed. Mr. Villec said the market was likely to encounter selling pressure as the Dow climbs to 1,810 and could "very well move right back down to 1,730."

He said the market could reach new highs but that it would take "a laborious effort."

At 3 P.M., USX was the most active NYSE-listed issue, ahead amid speculation that Carl C. Icahn, the financier, had accumulated more than 5 percent of the company's shares.

Airlines were climbing after UAL said Tuesday that it was raising its fares by 5 percent in 80 to 90 markets from its Chicago hub; increases by other carriers are expected. UAL, the parent of United, and AMR, the parent of American Airlines, were gaining. Pan American was ahead.

Niagara Mohawk was losing ground after The Wall Street Journal reported the company might be forced to cut its dividend. Niagara said it had no plans to reduce its dividend.

Among blue chips, AT&T, General Motors and General Electric were showing modest gains.

In the technology group, IBM, Digital Equipment and Hewlett-Packard were ahead. Cray Research and Burroughs (ex-dividend) were up sharply.

Exxon, Chevron, Mobil, Occidental Petroleum, Amerada Hess and Phillips Petroleum were all gaining.

Pharmaceutical issues, including Merck, Eli Lilly, Upjohn and Squibb were higher.

On the Amex, active issues included Entertainment Market, Home Group and Texas Air. Texas Air advanced after the Justice Department said it would not oppose the company's planned acquisition of People Express and its bankrupt Frontier subsidiary.

LSE Climbs as Rate Fears Recede

Share prices rose sharply on the London Stock Exchange Wednesday, The Associated Press reported. Dealers said fears of an increase in interest rates had receded.

The Financial Times Index of 30 industrials closed at 1,251.7, up 24.7.

(Continued on next left-hand page)

BUSINESS ROUNDUP

Sumitomo Bank Merges With Troubled Heiwa

Agence France-Presse

TOKYO — Sumitomo Bank Ltd. merged with the troubled Heiwa Sogo Bank Ltd. on Wednesday to become Japan's second largest commercial bank after Dai-Ichi Kangyo Bank Ltd. in terms of deposits, Sumitomo said.

The merger had been expected, following an agreement in February.

It was the first amalgamation of a commercial bank and a *sogo* bank, or a mutual savings and loans institution.

It was also the first major merger involving a large commercial bank since the one between Taiyo Bank and Kobe Bank in October 1973, which gave birth to the present Taiyo Kobe Bank Ltd.

Tokyo-based Heiwa Sogo had incurred bad debts totaling 189 billion yen ($1.23 billion) stemming from extensive loans to its affiliates.

The bank's management gave up the idea of reforming itself in February and sought a merger with Osaka-based Sumitomo, banking sources said.

The merger could trigger a large-scale reorganization of the Japanese banking industry in the years ahead following the liberalization and internationalization of Japan's financial business, they said.

According to Sumitomo, acquisition of Heiwa's business network in the Tokyo metropolitan area was in line with its strategy to make inroads into the Japanese capital.

Sumitomo took over Heiwa Sogo's 103 branches in the metropolitan area, doubling the number of its branches to more than 200 in the region.

Nationwide, the number of Sumitomo's branches jumped to 350, about the same as those of Dai-Ichi Kangyo and Taiyo Kobe, Japan's eighth-largest city bank.

Sumitomo's deposits also swelled to about 23.9 trillion yen, second only to Dai-Ichi Kangyo's 26.6 trillion yen, and replacing Fuji Bank Ltd. as number two.

Sumitomo has continued to be the top earner among commercial banks since 1981.

But the absorption of financially troubled Heiwa Sogo will cause a drop in earnings, banking sources said.

They said Sumitomo would be able to recoup the drop in a few years.

Taiwan Expects Higher GNP

Reuters

TAIPEI — Taiwan's gross national product, the total output of its goods and services, is expected to grow 8.83 percent this year after growing 5.08 percent last year, the Statistics Department said Wednesday.

United, American Airlines Announce Fare Increases

The Associated Press

NEW YORK — Two of the largest U.S. airlines said Wednesday that they would raise regular fares in at least 80 markets by as much as $30 per ticket because of increased demand for seats.

United Airlines and American Airlines said discount fares would not be affected by the increases, which are to take effect Thursday.

The move came against a backdrop of increasing consolidation in the airline industry, in which large carriers have been buying smaller competitors in an attempt to dominate their markets.

Heavy discounting of seats over the past nine months caused widespread losses among many airlines, but during the summer passenger traffic increased sharply and the growth in capacity slowed. Analysts said this put airlines in a good position to raise fares.

United said regular one-way fares would rise by $10 for trips under 1,000 miles and $20 for trips exceeding 1,000 miles, on flights originating from Chicago, United's major hub. First-class fares, calculated at 150 percent of regular fares, would rise correspondingly by $15 and $30.

A United spokesman said the increases were primarily aimed at business travelers.

American said it would match United's increases in competing flights from Chicago and from Dallas, American's major hub.

Trans World Airlines, which was reported to be planning similar increases, did not immediately return phone calls seeking comment.

THE EUROMARKETS

Denmark Offers Record 1-Billion-DM Issue

By Christopher Pizzey

Reuters

LONDON — A record, 1-billion-Deutsche-mark issue, for Denmark, was the highlight of the day in the primary Eurobond market Wednesday.

In the secondary sector, dollar-straight bonds rose quite sharply in places Wednesday as the U.S. bond market extended Tuesday's gains, dealers said. The floating-rate sector was little changed.

As a result of the generally firmer market, several new issues were launched in various sectors.

The sterling-straight sector had yet another volatile day, with prices jumping by up to 1¼ points at the outset. Later, the market finished off the top but dealers said the recent change of psychology meant that operators are now very reluctant to be short of bonds and so gains of ½ to a full point were still seen at the close.

The Danish issue tapped the mark sector with two tranches. The first was for 750 million DM and pays 5⅞ percent over five years while the second, 250-million-DM, seven-year tranche pays 6¼ percent. Both tranches were par-priced.

By the end of usual trading, the largest dollar straight to have emerged was a $200-million issue for Citicorp that pays 8¼ percent over seven years and was priced at 100⅛. The lead manager was Morgan Stanley International, and the issue was quoted by brokers outside the 1⅞ percent fees at a discount of 2¼.

Mony Funding Inc. launched a $150-million bond issue guaranteed by Mutual Life Insurance Co. of New York. It pays 8¼ percent over 10 years and was priced at 99½. It was also quoted outside the full 2 percent fees at a discount of 2⅜. The lead manager was Credit Suisse First Boston Ltd.

The European Coal and Steel Community launched a $75-million bond issue paying 7 percent over three years and priced at 101. The issue ended inside the 1⅜-percent fees at a discount of 1¼. Citicorp Investment Bank was the lead manager.

Norway's expected 60-billion-yen Eurobond emerged during the morning through Nomura International Ltd. as lead manager.

ENI Reports Net Profit In First Half

Reuters

ROME — Ente Nazionale Idrocarburi SpA reported Wednesday that holding company net earnings of 741 billion lire ($530 million) for the first half was the concern's first profit after 12 years of losses.

The profit, for which there was no comparative 1985 figure, reflected an improvement in some unprofitable sectors, ENI said.

ENI, a holding company with interests in petroleum, chemicals, engineering and textiles, said group gross profit in first half 1986 rose 26 percent from a year earlier, but gave no figures.

ENI had consolidated group profits of 816 billion lire in 1985 after a loss of 64 billion in 1984.

Improvements at the group level partly reflected a positive performance in hydrocarbons supply, refining and distribution operations. Chemical activities were profitable for the first time in more than a decade, it said.

ENI said projections for 1986 as a whole indicated that group results would again be positive. But performance in the second half would be tightly linked to external factors, in particular oil market and exchange rate developments.

Airbus Industrie's short-range A-320 is to make its first flight next year.

Airbus Discussing Big Sale to Northwest Air

Reuters

PARIS — Europe's Airbus Industrie consortium is negotiating for a major aircraft order from Northwest Airlines Inc. of the United States, an Airbus official said Wednesday.

"We are talking with Northwest. But so are other manufacturers," the official said at the consortium's headquarters in Toulouse. "I cannot say any more until something is decided."

The Airbus official was commenting on a Paris press report that Northwest would order about 100 Airbus A-320 short-range 150-seat aircraft.

Steven G. Rothmeier, president of Northwest, met with Franz Josef Strauss, supervisory board chairman at Airbus, in June to discuss a possible large order for Airbus A-320s.

The press report, in the Lettre de L'Expansion newsletter, said the order would be worth more than $3 billion, but would be divided into tranches of 20 aircraft, with a clause allowing the buyer to pull out after delivery of each tranche.

It said delivery of the first 10 aircraft would start in 1989.

The aircraft would be powered by the V-2500 engine made by International Aero Engines AG, a consortium grouping Britain's Rolls-Royce Ltd. with Pratt & Whitney of the United States.

The A-320 is a narrow-bodied aircraft designed to complement the existing Airbus fleet of wide-bodied short- and medium-haul airliners. It makes a first flight next year before entering service with Air France and British Caledonian in 1988.

Minneapolis-based Northwest Airlines has a wide domestic and Far-East route network and some routes to Europe.

The chief partners in Airbus are major aircraft companies in Britain, France, West Germany and Spain.

U.S. Approves Texas Air Pact

The Associated Press

WASHINGTON — The U.S. Justice Department's antitrust division said Wednesday that it would not oppose Texas Air Corp.'s proposed acquisition of People Express Inc. and the assets of People's Frontier Airlines unit.

In a letter to the Transportation Department, the division said that the purchase of People Express, excluding Frontier, "is not likely to lessen competition substantially." The accord must still be approved by the unions of both companies, lenders and, in the case of Frontier, a U.S. bankruptcy court.

Texas Air announced Sept. 15 that it had agreed to acquire People Express for about $125 million in securities. It also agreed to buy the assets of Frontier for $176 million in cash, notes and Frontier notes to be assumed. Houston-based Texas Air also would assume about $750 million in People Express debt.

U.S. Arbitrageur Reported to Sell USX Corp. Stake

The Associated Press

NEW YORK — Irwin Jacobs, a Minneapolis investor and arbitrageur, sold his stake in USX Corp., fueling suggestions that the takeover fever surrounding the oil and steel giant is waning, the Wall Street Journal reported Wednesday.

Mr. Jacobs previously confirmed that he had acquired a position in USX, but had declined to say how many shares he bought. He did not immediately return a telephone call requesting comment.

The purchases by Mr. Jacobs and other prominent investors, including Carl C. Icahn and T. Boone Pickens, had fueled speculation in recent weeks that USX might be a takeover target.

But the speculation has cooled over the past few days. Mr. Pickens, the chairman of Mesa Petroleum Corp., was also reported to have sold his interest in USX, although he declined to confirm whether he had even acquired a stake.

BUSINESS PEOPLE

Culver Is Named Chairman Of Alcan, Morton President

International Herald Tribune

Alcan Aluminium Ltd. has named its president, David Culver, as its new chairman, effective Jan. 1. The company also promoted its executive vice president, David Morton, to president and chief operating officer.

Mr. Culver replaces Nathanael Davis, who retired as chairman earlier this year. In announcing Mr. Davis' retirement, Alcan had said it did not see the need for a new chairman at that time.

The changes were prompted by the resignation of Patrick Rich, Alcan's executive vice president for Europe, Africa and the Middle East, Alcan said.

Mr. Rich has left Alcan to join a Geneva-based international-services company, Alcan said.

Alcan also said it would expand the role of its Geneva office to place increased emphasis on new business development.

It said Mr. Morton's new position, also effective Jan. 1, will make him responsible for Alcan's operations worldwide.

His appointment to the newly created post of chief operating officer continues the process started last year of simplifying the company's management structure by maintaining an executive branch and an operating branch, Alcan said.

JWT Group Inc., New York, said Terence D. Martin has been named executive vice president for finance and administration, replacing Glen A. Dell, who announced his resignation earlier this month. Mr. Martin had been senior vice president and controller of Chemical New York Corp.'s Chemical Bank unit.

Tasa International AG, Zurich, said Gerhard Simons, a senior partner of Tasa, a European executive-search company — has been appointed managing director of the new Tasa subsidiary in Munich. He will retain his functions in Zurich. Tasa now has four subsidiaries in German-speaking Europe — Zurich, Frankfurt, Vienna and Munich.

Armco Inc., the fifth-largest U.S. steel producer, said that Robert Purdum, a 24-year veteran of the company, had been named president. Robert E. Boni, 58, chairman and chief executive, has relinquished the title of president so he can concentrate on long-range strategy for the company, said an Armco spokesman. Mr. Purdum, 50, was elected vice president and chief operating officer of the company in February 1985. He is to take over as president Oct. 1.

McGraw-Hill Book Co. has named Stephen B. Neal group vice president, United Kingdom, Europe, Middle East and Africa.

Wednesday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

(Continued)

[illegible]

U.S. Futures

Via The Associated Press

Oct. 1

Grains — Livestock — Food — Metals — Industrials — Financial — Stock Indexes

[illegible]

VALUE LINE (KCBT)
points and cents

Season High	Season Low		Open	High	Low	Close	Chg.
250.10	210.80	Dec	220.80	222.80	219.70	221.20	+2.40
258.00	210.80	Mar	219.20	222.00	219.20	221.80	[illegible]

Est. Sales Prev. Sales 2,320
Prev. Day Open Int. 6,476 up 626

NYSE COMP. INDEX (NYFE)
points and cents

Season High	Season Low		Open	High	Low	Close	Chg.
148.00	121.10	Dec	133.75	135.40	133.15	133.95	+1.35
148.95	128.80	Mar	135.05	135.95	133.80	134.85	+1.70
149.00	131.05	Jun	135.65	136.50	135.65	136.80	+2.15

Est. Sales Prev. Sales 12,957
Prev. Day Open Int. 22,180

Commodity Indexes

	Close	Previous
Moody's	915.80 f	912.40 f
Reuters	1,557.00	1,544.40
D.J. Futures	N.A.	134.14
Com. Research	N.A.	210.92

Moody's : base 100 : Dec. 31, 1931.
p - preliminary; f - final
Reuters : base 100 : Sep. 18, 1931.
Dow Jones : base 100 : Dec. 31, 1974.

Market Guide

CBT:	Chicago Board of Trade
CME:	Chicago Mercantile Exchange
IMM:	International Monetary Market
:	Of Chicago Mercantile Exchange
NYCSCE:	New York Cocoa, Sugar, Coffee Exchange
NYCE:	New York Cotton Exchange
COMEX:	Commodity Exchange, New York
NYME:	New York Mercantile Exchange
KCBT:	Kansas City Board of Trade
NYFE:	New York Futures Exchange

Currency Options

[illegible]

Paris Commodities

[illegible]

London Commodities

[illegible]

Asian Commodities

[illegible]

London Metals

Oct. 1

	Close Bid	Close Ask	Previous Bid	Previous Ask
ALUMINUM				
[illegible]		849.00	833.00	834.00
Forward		819.00	810.00	810.50
[illegible]				
Spot	277.50	278.50	277.00	277.50
Forward	281.50	282.00	281.50	282.00
NICKEL				
Sterling per metric ton				
Spot	2555.00	2580.00	2560.00	2565.00
Forward	2610.00	2615.00	2611.00	2612.00
SILVER				
Pence per troy ounce				
Spot	380.00	382.00	379.00	381.00
Forward	390.00	392.00	390.00	391.00
ZINC (High Grade)				
Sterling per metric ton				
Spot	613.00	614.00	611.00	613.00
Forward	608.50	609.00	609.00	607.50

Source: AP.

U.S. Treasuries

Sept. 30

	Discount Bid	Discount Offer	Yield	Prev. Yield
3-month bill	5.19	5.17	5.34	5.41
6-month bill	5.35	5.36	5.61	5.64
1-year bill	5.50	5.48	5.81	5.87

	Bid	Offer	Yield	Prev. Yield
30-yr. bond	95 24/32	95 28/32	7.61	7.78

Source: Salomon Brothers.

Merrill Lynch Treasury index: 155.56
[illegible]
Average yield: 7.17 %
Source: Merrill Lynch.

Spot Commodities

[illegible]

DM Futures Options

W. German Mark-125,000 marks, cents per mark

Oct. 1

Strike Price	Calls-Settle Dec	Calls-Settle Mar	Calls-Settle Jun	Puts-Settle Dec	Puts-Settle Mar	Puts-Settle Jun
42	7.45	—	—	0.01	—	—
43	6.45	—	—	0.01	0.13	—
44	5.45	—	—	0.02	0.18	—
45	4.45	4.93	—	0.06	0.26	—
46	3.75	4.18	—	0.10	0.41	—
47	2.85	3.37	—	0.23	0.62	0.99

Estimated total vol. 6,507
Calls: Tue. vol. 2,124 open int. 39,048
Puts: Tue. vol. 1,322 open int. 34,740
Source: CME.

Dividends

Oct. 1

Company	Per	Amt	Pay	Rec
USUAL				
Elcor Corp	Q	.09	11-12	10-17
New Process Co	Q	.17 ½	11-1	10-15
Penomatic Scale	Q	.35	11-3	10-20
Prod. Operators	Q	.04	11-14	10-15
Total Petroleum Ltd	Q	.09	12-19	11-28
WD-40 Co	Q	.28	10-30	10-10

a-annual; m-monthly; q-quarterly; s-semi-annual

Source: UPI.

S&P 100 Index Options

Sept. 30

[illegible]

NYSE Highs-Lows

[illegible]

Lloyds Bank Reportedly To Buy Canadian Bank

Agence France-Presse

LONDON — Lloyds Bank, Britain's third leading clearing bank, is to acquire Continental Bank of Canada for between £100 million and £150 million ($145 million to $217.5 million), according to reports Wednesday on the London Stock Exchange. Quotation of Continental shares was temporarily suspended Wednesday.

Continental, Canada's seventh largest bank, recently required assistance from the Canadian central bank following a major withdrawal. Lloyds earlier this year was unsuccessful in a bid to acquire Britain's Standard Chartered Bank.

Floating-Rate Notes

Oct. 1

Dollars

Issuer/Mat.	Coupon	Next	Bid	Asked
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Deutsche Marks

Issuer/Mat.	Coupon	Next	Bid	Asked
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

E.C.U.

Issuer/Mat.	Coupon	Next	Bid	Asked
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eec 93 (Ecu)	7.406	23-10	99.85	99.95
Ireland 97 (Ecu)	7½	23-10	99.20	99.30
Italy 92	7⅝	-	99.80	99.90

Pounds Sterling

Issuer/Mat.	Coupon	Next	Bid	Asked
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Japanese Yen

Issuer/Mat.	Coupon	Next	Bid	Asked
Cef 97 Yen	4⅝	22-10	99.90	100.00
Cr Foncier Aug97 Yen	4⅝	27-02	99.95	100.05

Source: Credit Suisse-First Boston Ltd. London

Thailand Expects GDP Rise

Reuters

BANGKOK — Prime Minister Prem Tinsulanonda said Wednesday that strong exports and expansionist policies should increase growth in Thailand's gross domestic product, adjusted for inflation, to between 5 percent and 5.3 percent in the year to Sept. 30, 1987, from an estimated 4.3 percent in 1985-86.

Wednesday's AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Via The Associated Press

12 Month High	Low	Stock	Div.	Yld.	PE	Sls. 100s	High	Low	Close Quot.	Ch'ge
		A								
11¾	6¾	ACI Hld				478	9	8¾	8⅞	+⅛
13¾	10	ACI pf	1.20	9.7		94	12⅜	12	12⅜	+⅛
6¾	¾	ADI				53	1⅛	⅞	⅞	—⅛
17¼	8⅞	AL Lab s	.12	.9	20	23	13¼	12½	13¼	+⅜
16½	10⅜	AMC s	.10	.9	43	28	11⅜	11½	11½	
8⅝	3¼	AM Intl			90	1462	5⅝	5⅛	5⅛	
30¼	24½	AM Int pf	2.00	7.8		20	25½	25¼	25½	—¼
4	2½	AOI n			14	39	2⅝	2⅜	2⅝	+⅛
124	78	ATT Fd	5.73e	5.3		53	109¼	108¾	109	+¾
41¼	26	ATT F wi				1	36⅜	36⅜	36⅜	
12⅝	7⅜	AcmeU	.32	4.1	28	9	7¾	7¾	7¾	
15⅞	8¼	Action	.06e	.6	10	87	9⅝	9½	9⅝	
3¼	1⅛	Acton				32	1⅜	1⅜	1⅜	
⅞	½	Actn wt				4	⅝	⅝	⅝	
3¾	1⅞	AdmRs			22	20	2⅛	2	2	—⅛
21½	12⅝	AdRusl	.16b	.8	16	237	20¼	19⅞	19⅞	—⅛
67⅜	29⅞	AfilPb s	.44	.7	31	135	61	60	60	—⅞
12	5⅝	AlrE xp			26	6	10⅝	10⅝	10⅝	—¼
1⅞	¼	Alamco			6	27	½	½	½	—⅛
9¾	5¼	AlbaW				44	7	6⅝	7	+⅜
40	8½	Altin s			27	135	23¼	22¾	22⅞	—⅛
3	1⅞	AlnTre				6	2⅛	2¼	2¼	—⅛
27	6⅞	Aloha			12	13	25¼	25⅛	25⅛	+⅛
12⅝	7	Alphaln				12	7⅞	7⅝	7⅞	
11¾	3½	AlpinGr			24	80	9¼	9⅛	9¼	+⅛
⅝	⅛	Altex n				34	⅜	¼	¼	—⅛
26¼	10⅞	Alza s			40	571	18⅝	17⅞	18⅛	—¼
6⅛	2	AmBrlt	.08	1.4		73	5⅝	5⅝	5⅝	+¼
21½	10⅛	Amdahl	.20	1.0	40	749	20⅝	20¼	20½	+⅜
15½	9¼	AmBllt	.15	1.2	6	3	12¼	12¼	12¼	—⅛
17	13¼	AmCbl n			5	29	14¼	14	14	—¼
8¾	3⅞	AmCap			10	22	5⅛	4⅞	5⅛	+¼
5½	3½	AExFF wt				148	3⅞	3⅝	3⅝	—⅛
17	4½	AFruc A			28	12000z	13⅝	13⅛	13⅝	
16⅝	4¼	AFruc B			28	2800z	13⅝	13½	13⅝	
7⅝	3⅜	AHlthM			7	345	3⅞	3½	3⅝	—⅜
15½	6¼	Alsrael	.30e	2.1	6	4	14⅝	14⅝	14⅝	—⅛
23½	11⅞	AMzeA	.52	2.6		5	20⅛	19⅞	19⅞	—⅛
23⅝	12¼	AMzeB	.52	2.8		7	18⅝	18⅝	18⅝	+¼
7¼	2⅛	AMBld				13	2⅝	2⅝	2⅝	
4⅝	2⅞	AmOll				134	4⅛	4¼	4⅛	
[illegible]										

(Continued on next page)

CURRENCY MARKETS

Dollar Weakens on Baker Comment

Reuters

LONDON — The dollar weakened in European currency markets Wednesday after the U.S. Treasury secretary, James A. Baker 3d, said there may still be differences among industrial nations about whether the dollar needs to fall further.

Although many dealers think the dollar will continue to decline, they are wary of central bank intervention. Concern about that has also influenced their thinking about the British pound.

The dollar was slightly higher in morning trading in London, but slipped after Mr. Baker's comment in Washington at the annual meeting of the International Monetary Fund and the World Bank.

The dollar closed in London at 2.0215 Deutsche marks, down from 2.0275 at Tuesday's close, and at 154.25 yen, almost unchanged from 154.30.

London Dollar Rates

Closing	Wed.	Tue.
Deutsche mark	2.0215	2.0275
Pound sterling	1.4460	1.4473
Japanese yen	154.25	154.30
Swiss franc	1.6440	1.6460
French franc	6.6306	6.6478

Source: Reuters

The pound closed at $1.4460, down slightly from $1.4473 Tuesday. It was also lower against the Deutsche mark, closing at 2.9276 DM, down from 2.9352.

Although some analysts think the United States wants the dollar to go lower, to make its exports more competitive and help narrow its huge trade deficit, West Germany has signaled that it will try to brake an appreciation of the mark, which damages West German sales overseas.

Its central bank, the Bundesbank, has been in the markets this week defending the dollar and the pound.

Some dealer think that the United States has stopped trying to talk the dollar down to give West Germany and Japan time to prove that their economies are growing.

Tuesday's figures showing a $13.3-billion U.S. merchandise trade deficit in August aided the dollar, because it was smaller than expected, dealers said.

Data released Wednesday showing a 1.1-percent increase in construction spending in August and a 1.4-percent drop in factory goods orders did not clarify the direction of the U.S. economy, they said.

In other European trading, the dollar was fixed in Frankfurt at 2.0275 DM, up from 2.0207, and in Paris at 6.6405 French francs, up from 6.6220.

It closed in Zurich at 1.6440 Swiss francs, down slightly from 1.6453.

U.K. to Monitor Pound vs. EMS

Reuters

WASHINGTON — Britain is likely to take advantage of a current lull in exchange-rate volatility to assess how the pound would perform as part of the currency grid of the European Monetary System, monetary sources said Wednesday.

Many top European officials attending the annual meetings here of the International Monetary Fund and World Bank have suggested that currencies are now near their true value.

If foreign exchange markets stabilize, the breathing space could enable Britain, which has been faced with sustained pressures on sterling, to monitor its performance against EMS currencies, the sources said.

MEXICO: *Tentative Agreement on Debt Reached With Commercial Banks*

(Continued from page 1)

and Barber B. Conable Jr., president of the World Bank.

[Under pressure from the public officials, the more senior bankers were able to achieve some success, emerging at 2 A.M. with a new proposal.]

While acknowledging the active participation of top Reagan administration officials in negotiating the debt package, a senior administration official said Wednesday that the United States "will not be involved in assembling the critical mass," the commitment by 90 percent to 95 percent of all of Mexico's creditor banks that is needed to make the package effective.

Given Mexico's long common border with the United States, its geographic and political importance, and the fact that it is the largest U.S. oil supplier, no one interviewed doubted that an agreement will be completed, especially considering the participation of U.S. government officials this week.

Mr. Baker's proposals, known as the Baker Plan, were presented at last year's IMF-World bank meeting.

They call for banks to make $20 billion in new loans to 15 developing nations over three years.

Industrial governments and multilateral agencies would lend an equal amount, with the $40 billion contingent on economic reforms by debtor nations.

In his address, Mr. Baker responded to a theme stressed by indebted nations, emphasizing that his proposals represent a "long-term effort."

"The debt problem took years to unfold," he said, adding that "the overall solution will be neither quickly nor easily attained."

Finance Minister Jaime Ongpin of the Philippines summed up the developing countries' complaints Tuesday, calling efforts by industrial powers and commercial banks "at best, minimal, and at worst, insensitive to the exigencies of the debt strategy."

NYT

William R. Rhodes

Rhône Buys German Firm

Reuters

COLOGNE — Rhône-Polenc SA, the French chemicals group, said Wednesday that it had acquired 75 percent of the West German pharmaceutical firm A. Nattermann & Cie. GmbH from the Lappe and Griesheim families and has an option to buy the rest.

BEEF: *U.S. Packers Begin Branding and the Markets Get Designer Steaks*

(Continued from first finance page)

to lessen beef's caloric and cholesterol content.

Some industry analysts say, however, that the only reason consumption has not dipped further is that beef prices have fallen in the past two years as ranchers rushed to liquidate their herds before they lost even more money. While beef prices raced ahead of inflation in the mid-1970s — bringing about Beef Boycott Day in 1973 — in recent years they have not only trailed inflation, but have declined in absolute terms.

The drop in demand and price has taken a severe toll throughout the industry. Ranchers have slashed cattle herds to 105 million head from 132 million in 1975. Heavy losses have caused tens of thousands of ranchers to abandon cattle raising altogether, devastating rural communities from Texas to North Dakota.

Even now, with the market firming a bit, many ranchers are just breaking even. "We have all this cattle and we need a way to get rid of it," said Ralph Chain, a rancher in Canton, Oklahoma. "We can raise it and produce it, but we need to sell it."

The number of slaughterhouses has plummeted, too, by 35 percent in a decade. In meatpacking, the number of employees has fallen to 148,500, from 168,000 in 1975. Labor-management relations remain tense as the packer's push for wage concessions as a buffer against weak demand.

Despite union resistance — epitomized by the protracted Hormel strike in Austin, Minnesota — labor has taken a beating, with packing wages down to $8.50 or less an hour in many houses, from about $10.50.

Belatedly, the big meat companies are trying to get on top of their troubles. To woo consumers who have more money than time, Excel, a subsidiary of Cargill Inc., and several other packers are experimenting with precooked steaks and roasts. Excel, which in recent months has surged ahead of the field in product innovation, is also vacuum-packing consumer portions of beef that stay fresh for seven days in a refrigerator, thus reducing the need for freezing and thawing.

Responding to concerns about cholesterol and findings that consumers are repelled by a wrapping of fat around cuts of beef, the industry is trimming more fat off the 24 billion pounds it ships each year. Excel, which once shipped beef with up to two inches of fat, is paring that to less than half an inch. IBP, formerly Iowa Beef Packers, which slaughters more cattle than any other American company, is also expected to start cutting the fat.

Nor have the cattle themselves escaped the passion for leanness. "We're looking for an animal that is shaped like a barrel, without much fat on it — that means it will be very meaty," said Robert Brown, a cattle buyer for Excel. Accordingly, ranchers are breeding their Angus or Hereford with the leaner European varieties like Charlets and Limousins.

The industry hopes to win back a variety of consumers: two-career couples with little time or inclination to make pot roasts, calorie-conscious young people and health-conscious older people who worry about cholesterol. Those markets, alert to claims of health and convenience, will not be deterred by the higher prices of new, improved beef, the industry believes.

At the same time, industry officials note, beef has become more competitive in price with chicken and pork. A round roast, neither an expensive nor a cheap cut, costs $2.40 a pound today in the United States, compared with $2.58 in 1984. A broiler costs 96 cents a pound, up from 81 cents in 1984. Pork has also gone up in price, to $2.33 a pound, from $1.86 in 1984.

The beef industry's efforts are welcome news to the supermarket companies, which are tired of losing trade to restaurants and frustrated that the packers had done little to promote beef or make it more attractive.

"Beef is very, very important for getting people into the supermarket," said Raymond D. Pearce, vice president for meat merchandising at Safeway Stores, the leading U.S. supermarket chain. "If you're going to run a good ad, you got to have beef in it, which means you got to have to have a good meat department." Beef represents 7 percent of store sales, Mr. Pearce said.

The reason the beef industry neglected consumer trends in the past, officials say, is that it was preoccupied with a cost-cutting revolution in production.

In the 1960s, IBP transformed the industry when it opened slaughterhouses in rural towns near the feedlots, saving on labor, land costs, taxes and transportation. The plants, which bitterly fought unions, bore little resemblance to the cramped killing beds in Chicago and Omaha. Rather, they were sprawling one-story structures with stainless-steel conveyors that moved 1,100-pound carcasses past the workers.

Because slaughtering and packing were reduced to assembly-line tasks, semiskilled workers could be employed. And the new plants shipped beef to market not as carcasses, but in tidy boxes containing five- and ten-pound pieces — thus slashing shipping costs.

The companies that were quick to adopt the boxed-beef system — IBP, Excel and Monfort — pushed aside most of the giants that long dominated the industry: Armour, Wilson, Cudahy, Morrell. Many of those companies, with antiquated plants and higher labor costs, were forced to give up beef slaughtering altogether.

For now, the branded beef is selling at the same price as regular beef, but Excel officials say someday it is likely to sell at a premium. They dismiss concerns that consumers will resist the price increase, or hesitate to buy darker-colored meat.

GENERICS: *Ready for Boom?*

(Continued from first finance page)

million in 1990. Mylan has traded in a range of 9 to 18 a share over the last year. It closed Tuesday at 11⅞, up ½, on the New York Stock Exchange.

Ronald B. Koenig, who follows Par for Ladenburg, Thalmann & Co., likes the drug producer because the eight-year-old company has made 58 generic-drug submissions to the Food and Drug Administration and they all have been approved.

"Par recently gained FDA approval to market the generic equivalents of Valium and Motrin," said Mr. Koenig, who is also chairman of Ladenburg. "For the fiscal year ended Sept. 30 we are looking for earnings of 55 cents to 60 cents a share versus 47 cents a share for the preceding year on 800,000 more shares outstanding."

Mr. Koenig said that for the fiscal year 1987 he expected earnings of 80 cents to 90 cents a share for Par. "Our long-term outlook is extremely optimistic," he added.

David Saks, drug analyst at Los Angeles-based Morgan, Olmstead, Kennedy & Gardner, also believes the outlook for generic drugs is bright. The period between "1987 and 1989 will be the golden years for generics, with $1.1 billion in drugs coming off patent in the latter year," he said.

Two of Mr. Saks's favorites over the short term are Bolar and LyphoMed. Stocks that he expects to show strong intermediate to long-term growth are Par and Biocraft.

Wednesday's OTC Prices

NASDAQ prices as of 4 p.m. New York time.

Via The Associated Press

12 Month High	Low	Stock	Div.	Yld.	Sales in 100s	High	Low	4 P.M.	Net Ch'ge
[illegible]									

Wednesday's AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

(Continued)

12 Month High	Low	Stock	Div.	Yld.	PE	Sls. 100s	High	Low	Close Quot.	Ch'ge
7⅛	3⅛	Vicon				18	4⅝	4½	4⅝	
5½	1¼	Vintge			79	14	2⅛	2	2⅛	— ⅛
24⅛	12⅛	Virco	.04r	.2	11	25	18	17¾	17¾	+ ½
11⅞	7⅝	VisualG	.30b	3.4	12	3	8⅞	8⅝	8⅞	+ ⅛
28⅞	17⅞	VulcCp	.80a	3.2	16	8	24⅞	24⅞	24⅞	
W										
6⅞	2½	WTC				41	4⅛	4⅛	4⅛	+ ⅛
7¾	1⅝	WikEnn n	.64t			17	2¼	2⅛	2¼	+ ⅛
22⅞	11⅞	WangB	.16	1.2	37	1217	13⅝	12⅞	12⅞	
23	11¼	WangC	.11	.8	37	33	13½	13	13	+ ⅜
7⅜	3⅛	WrnCpl			19	86	4⅞	4⅝	4⅝	
25½	4⅞	WshH s			6	40	16	15⅝	16	+ ⅛
184½	101½	WshPst	1.12	.8	19	65	142½	141½	142½	+1
26⅝	17⅜	WRIT s	1.28	5.2	16	38	24⅝	24½	24½	+ ¼
11⅞	7½	WalscB	.16	1.8	13	1	8⅝	8⅝	8⅝	
3⅜	¾	Wthfrd				86	⅞	⅞	⅞	
15⅞	2	Wthfd pf				42	2¼	2¼	2¼	
9¼	6⅞	WebInv n	.82e	10.8		14	7⅝	7⅝	7⅝	— ⅛
1¼	⅛	WebIn wt				16	⅜	⅜	⅜	
3½	2⅛	Webcor				10	2¼	2¼	2¼	
4	2⅝	Wedco				4	3	3	3	
14⅝	9⅛	Wedgtn	1.44	10.7	8	129	14	13½	13½	— ⅜
10⅛	4⅜	Weiman	.16	3.3	9	2	4⅝	4⅝	4⅝	— ⅛
11⅞	6⅞	Weldtrn			22	9	7⅝	7¾	7¾	
18½	6	Wellco s	.25t	1.6	6	48	16	15	15½	+ ⅛
7⅝	⅞	WellAm				20	1½	1½	1½	— ⅛
4⅞	2⅛	WelGrd				1	2⅜	2⅜	2⅜	+ ⅛
51¾	28⅞	Wesco	.66	1.7	6	3	39⅜	38¾	39¾	— ⅛
2⅛	⅛	Wesocp				13	1⅛	1	1	— ⅛
10⅛	4⅝	WstBrC			4	71	4⅝	4½	4½	
14¼	9¼	Wstbr g	.20		10	1	13⅝	13⅝	13⅝	
15⅞	6⅛	WDigitl			12	932	13⅝	13½	13⅝	— ⅛
12½	5	WstHlt s			20	5	4⅝	4⅝	4⅝	— ⅛
26⅞	18½	WIRET	1.64	6.7	16	93	24⅞	24	24⅝	+ ⅜
23⅞	8	WhrEn s			19	196	17⅝	17⅜	17⅜	— ⅛
3⅝	1	Wichita				31	1⅛	1⅛	1⅛	+ ⅛
7	3⅞	Wickes			17	2799	4⅝	4½	4½	+ ⅛
4⅛	1⅝	Wickes wt				20	2⅛	2⅛	2⅛	— ⅛
39⅞	29	Wick pfA	2.50	8.1		9	30⅞	30½	30⅞	— ⅛
2	⅞	WilshB				12	1⅜	1⅛	1⅛	
[illegible]	⅛	WinE A				57	⅝	⅝	⅝	— ⅛
21¼	15½	WinHn	1.44a	9.1	5	32	16¼	15⅞	15⅞	— ⅛
59⅞	42⅝	WisP pf	4.50	8.1		30z	55½	55½	55½	— ½
24⅞	8⅞	Wdstrm	.40	1.6	18	148	25⅛	22⅞	25⅛	+3⅛
4	1⅛	WwdeE				522	1⅛	1½	1⅝	+ ⅛
15⅛	5½	WWde pf	.451			3	6⅞	6⅞	6⅞	— ⅛
15⅝	9	Wortm				400	11⅛	11	11½	+ ⅛
23⅛	15⅜	Wrathr	.02	.1		23	22⅛	21⅞	21⅞	— ⅛
Y										
10⅝	5⅞	YankCo			17	4	7⅝	7½	7⅝	— ⅛
9½	7⅛	YnkCo pf	1.15	12.8		4	9	8⅞	9	+ ⅛
8⅞	2⅜	Zimer				40	3¼	3⅛	3⅛	

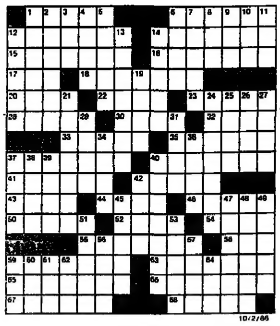
AMEX Highs-Lows

NEW HIGHS 9

CareCoB	CareCoA	DWG Corp	ElectrSnd
Greiner	OhioArt Co	SwiftEngy	UsairGp 87wt
Woodstream			

NEW LOWS 15

EsqRad El	FstCtrlFn n	HMG Prpoty	IntThorbd
LorimarTel n	Mich Genl	NRM Eng	NewLine n
PopeEvan	SDie 465pr	SaxonOilDv n	TIE Comm
Telesclen	VTX Elct n	WsinHlth s	



10/2/86

ACROSS

1 Solder with an alloy
6 Sty cry
12 Destructive pests
14 Open-shelved stand
15 Some Pacific islands
16 Gets soapy, with "up"
17 Korean soldier
18 Saddle bag
20 Financial Feds
22 Rheo or thermo follower
23 Title meaning "great king"
28 He wrote "The Silk Road"
30 An Ed with aspirations?
32 Vehicle for hire
33 Social faux pas
35 "For —— there is a silence:" Dunsany
37 Church top
40 Cooled
41 "My kingdom for ——!"
42 "48 Hours" actor
43 Singer Tennille
44 Roentgen product
46 Attempts
50 She was "sought desperately" in a film
52 Footless
54 Biblical ruler
55 Graceland et al.
58 —— Khan
59 Aces' places?
63 Put on the record
65 Angel on horseback
66 Germ-free
67 Interpolate
68 Cheaters

DOWN

1 Turn into
2 Smelled awful
3 Actress Gardner
4 At. no. 30
5 Disney's middle name
6 Ollie's sidekick
7 Mideast sheikdom
8 Pun reaction
9 Shoe width
10 Part of E.T.A.
11 "—— Girls"
12 Mary of the comics
13 Oldest U.S. capital
14 "400" members
19 Far from feral
21 A neighbor of Cameroon
24 Bruce Jenner, for one
25 Bridewell
26 Wheel shaft
27 Made haste
29 Hammock sessions
31 Mirthful Mort
34 Bend
36 Mental abilities
37 Coll. prep tests
38 Friendly pronoun?
39 Countless centuries
40 Prairie howlers
42 Calif. river
45 —— Rizzo, Hoffman role
47 Visigoth king
48 Deli rolls
49 —— in (darken)
51 Diehard's vow
53 Impressions
56 Le Corbusier follower
57 One in a flight
59 Bot. or geol.
60 Chaney
61 Verbal pauses
62 Dutch commune
64 Palindrome for Pryor

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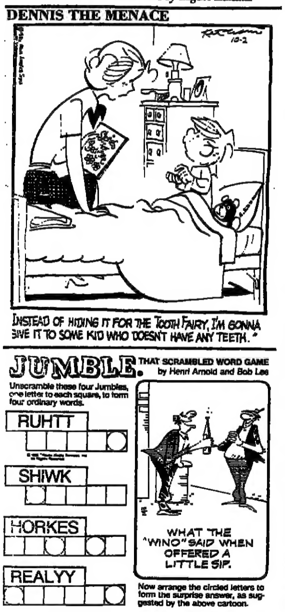
DENNIS THE MENACE



INSTEAD OF HIDING IT FOR THE TOOTH FAIRY, I'M GONNA GIVE IT TO SOME KID WHO DOESN'T HAVE ANY TEETH.

JUMBLE

THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

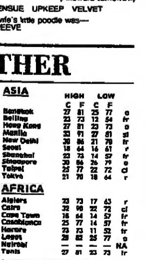
Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

RUHTT

SHIWK

HORKES

REALYY



Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here: "○○○, ○○○"

(Answers tomorrow)

Yesterday's | Jumbles: BERTH ENSUE UPKEEP VELVET
Answer: What his wife's little poodle was— HIS PET PEEVE

WEATHER

EUROPE	HIGH C	HIGH F	LOW C	LOW F	
Algarve	29	84	19	66	fr
Amsterdam	18	64	5	41	fr
Athens	23	73	18	64	cl
Barcelona	20	68	17	63	o
Belgrade	20	68	5	41	fr
Berlin	18	64	7	45	fr
Brussels	21	70	8	46	fr
Bucharest	—	—	9	48	—
Budapest	21	70	7	45	fr
Copenhagen	14	57	13	55	o
Costa Del Sol	23	73	20	68	o
Dublin	15	59	9	48	o
Edinburgh	14	57	11	52	o
Florence	28	82	13	55	fr
Frankfurt	21	70	8	46	fr
Geneva	18	64	6	43	fr
Helsinki	14	57	5	41	o
Istanbul	18	64	13	55	sh
Las Palmas	27	81	19	66	fr
Lisbon	26	79	19	66	fr
London	14	57	12	54	o
Madrid	22	72	17	63	cl
Milan	23	73	10	50	fr
Moscow	6	43	0	32	o
Munich	21	70	5	41	fr
Nice	27	81	17	63	fr
Oslo	12	54	5	41	o
Paris	23	73	11	52	fr
Prague	20	68	3	37	fr
Reykjavik	4	39	3	37	cl
Rome	27	81	15	59	fr
Stockholm	17	63	10	50	fr
Strasbourg	19	66	8	46	fr
Venice	23	73	12	54	fr
Vienna	20	68	6	43	fr
Warsaw	13	55	7	45	o
Zurich	18	64	6	43	cl

MIDDLE EAST	HIGH C	HIGH F	LOW C	LOW F	
Ankara	15	59	7	45	cl
Beirut	—	—	20	68	—
Damascus	30	86	18	64	cl
Jerusalem	21	70	17	63	r
Tel Aviv	24	75	21	70	o

OCEANIA	HIGH C	HIGH F	LOW C	LOW F	
Auckland	16	61	14	57	o
Sydney	23	73	20	68	cl

ASIA	HIGH C	HIGH F	LOW C	LOW F	
Bangkok	27	81	25	77	o
Beijing	23	73	12	54	fr
Hong Kong	27	81	23	73	o
Manila	33	91	27	81	st
New Delhi	30	86	21	70	fr
Seoul	18	64	16	61	r
Shanghai	23	73	14	57	fr
Singapore	30	86	26	79	o
Taipei	25	77	22	72	cl
Tokyo	21	70	18	64	r

AFRICA	HIGH C	HIGH F	LOW C	LOW F	
Algiers	23	73	17	63	r
Cairo	32	90	22	72	cl
Cape Town	18	64	14	57	fr
Casablanca	25	77	14	57	fr
Harare	23	73	11	52	fr
Lagos	28	82	25	77	o
Nairobi	—	—	—	—	NA
Tunis	27	81	23	73	fr

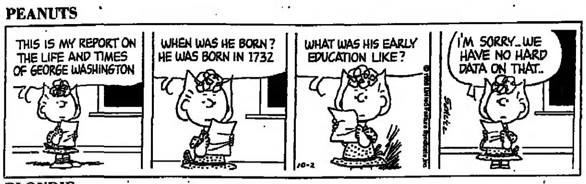
LATIN AMERICA	HIGH C	HIGH F	LOW C	LOW F	
Buenos Aires	20	68	16	61	st
Caracas	—	—	—	—	NA
Lima	20	68	16	61	r
Mexico City	24	75	14	57	cl
Rio de Janeiro	24	75	20	68	cl

NORTH AMERICA	HIGH C	HIGH F	LOW C	LOW F	
Anchorage	11	52	7	45	r
Atlanta	31	88	21	69	pc
Boston	26	79	21	69	cl
Chicago	19	65	12	54	r
Denver	19	65	3	37	pc
Detroit	23	73	18	64	r
Honolulu	32	90	24	75	fr
Houston	31	91	25	77	pc
Los Angeles	24	75	15	58	pc
Miami	32	89	25	77	r
Minneapolis	17	63	9	47	pc
Montreal	18	63	13	55	cl
Nassau	32	90	24	75	fr
New York	27	80	23	73	st
San Francisco	23	73	14	56	fr
Seattle	16	61	10	50	pc
Toronto	24	75	19	66	pc
Washington	32	90	22	72	fr

cl-cloudy; fo-foggy; fr-fair; h-hail; o-overcast; pc-partly cloudy; r-rain; sh-showers; sw-snow; st-stormy.

THURSDAY'S FORECAST — CHANNEL: Smooth to Moderate. FRANKFURT: Fair. Temp. 20 — 8 (68 — 46). LONDON: Cloudy. Temp. 15 — 11 (59 — 52). MADRID: Cloudy with showers. Temp. 21 — 16 (70 — 61). NEW YORK: Rain. Temp. 24 — 20 (74 — 68). PARIS: Fair. Temp. 22 — 11 (72 — 52). ROME: Fair. Temp. 26 — 16 (79 — 61). TEL AVIV: NOT AVAILABLE. ZURICH: Cloudy. Temp. 18 — 6 (64 — 43). BANGKOK: Thunderstorms. Temp. 29 — 23 (84 — 73). HONG KONG: Fair. Temp. 26 — 22 (79 — 72). MANILA: Thunderstorms. Temp. 33 — 24 (91 — 75). SEOUL: Cloudy. Temp. 19 — 15 (66 — 59). SINGAPORE: Fair. Temp. 31 — 25 (88 — 77). TOKYO: Showers. Temp. 22 — 20 (72 — 68).

PEANUTS



BLONDIE

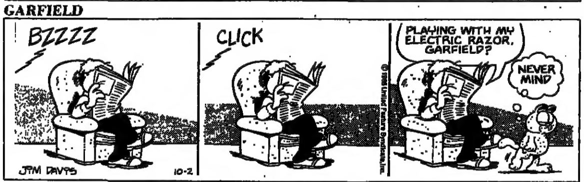
BEETLE BAILEY

ANDY CAPP

WIZARD of ID

REX MORGAN

GARFIELD



BOOKS

WALLACE STEVENS: The Early Years, 1879-1923

By Joan Richardson. Illustrated. 591 pages. $21.95. Beech Tree Books/William Morrow, 105 Madison Avenue, New York, N. Y. 10016.

Reviewed by Michiko Kakutani

TO readers of his shimmering, musical verse, Wallace Stevens appeared in a variety of antic disguises — he was Peter Quince or Crispin the Comedian or the Man with a Blue Guitar. To his fiancée, Elsie Moll, he was Pierrot or Tom Folio or her favorite jongleur — wearing "cap and bells" as he tossed epiphanies about brightly in the empty air. Yet the poet saw himself simply as "a most inappropriate man/In a most unpropitious place" — a "thinking stone" who garbed his insecurities in a luminous cloak of words.

Although Stevens has long been recognized as one of the pre-eminent poets of his generation, people have tended to look upon his work as the abstract product of a highly cerebral mind, the handiwork of a dandy and an aesthete, a clever sleight-of-hand man. As Joan Richardson reveals in her exemplary new biography, however, Stevens's poetry not only aspired to — and often achieved — epic dimensions, it remained deeply rooted in the painful details of his everyday life. Like Kafka and Eliot, whose stylized work similarly possessed stark autobiographical antecedents, Stevens concealed acutely personal concerns beneath the "piano-polished" surface of his verse. A series of poems ostensibly dealing with World War I concerns the poet's attempts to come to terms with his parents' deaths and his increasingly troubled marriage; "Le Monocle de Mon Oncle," "Peter Quince at the Clavier" and "Domination of Black" also deal obliquely with his domestic problems.

Certainly it was no easy task to write this biography (the first of a two-volume study), for, as Richardson notes, Stevens was "expert at hiding" — the same self-consciousness and emotional reticence that resulted in his rich convolutions of style also led him to erase, cross out and annotate entire pages in his journals. Other material was destroyed and edited by his widow.

Richardson, a writer and scholar, has, however, succeeded in writing a marvelously rich and illuminating biography, drawing upon and eclipsing such earlier works as Holly Stevens's compendium of her father's writings ("Souvenir and Prophesies"), Peter Brazeau's oral biography ("Parts of the World") and Milton Bates's recent critical study ("A Mythology of Self"). Using her generous reserves of sympathy for her subject and her intimate knowledge of Stevens's work, Richardson gives us a thorough understanding of his inner life and his creative process. She notes, for instance, that his journals and letters provided the seeds for later poems, that mundane observations of daily life (a glimpse of a woman in a white nightgown, a run-in with a local barber) yielded pivotal images and motifs, that his precarious sense of self did not limit him but enabled him to assimilate a host of disparate influences.

Even more impressively, Richardson describes the delicate transactions that occurred between Stevens's life and art — an important theme in the biography of any artist and a central one in this case, given the poet's preoccupation with the dichotomy between imagination and the "necessary angel" of reality.

Quite early on, Richardson contends, Stevens began to feel more at ease in the realm of words and secret thoughts than in the day-to-day world around him. Having inherited his father's emotional reticence and judgmental turn of mind, Stevens grew up (in Reading, Pennsylvania) a self-conscious child, afraid of rejection and given to trying on and discarding various roles.

Although Harvard — and such figures as George Santayana and Barrett Wendell — gave him an intellectual alternative to his family's puritanical expectations, he ended up being obedient to his father's will: After a brief stint as a journalist, he went to law school, eventually becoming the "dean of surety claims men." Yet for Stevens, the hours spent daily at the Hartford Accident and Indemnity Company had little palpable meaning; he cherished his evenings and weekends, when he could carry on imaginary dialogues with poets of the past (including Dante, Milton and Whitman) and reinvent his awkward feelings through the magic of language.

This willful desire to live in the imagination also informed Stevens's courtship of Elsie Moll — and in this case, it had devastating consequences. Frightened of being overly vulnerable, and eager to turn her into his Muse, Stevens cast Elsie in a variety of roles — she was his "angel," his "Bo" (Bo-Peep), his "Faery Queen." For five years, their relationship consisted mainly of letters creating this secret fictional world (their sporadic meetings were prefaced with detailed stage directions from the poet, telling Elsie what color clothes to wear). Within months of their wedding in 1909, each had discovered the insurmountable difficulties of dealing with the real person behind the masks.

Elsie — whose limited education and provincial upbringing precluded her participation in her husband's literary endeavors — would retreat further and further into religion, while Stevens would spend increasing amounts of time away from home, seeking solace in his solitary art.

It was through poetry that Stevens was able to reconcile some of his terrible ambivalences (between feeling and thinking, indulgence and asceticism, sentiment and scorn); and it was through writing, too, that he was able to transform his more misanthropic impulses into redemptive comedy.

Michiko Kakutani is on the staff of The New York Times.

Solution to Previous Puzzle

PAWL ARCA SPEED
ABIE TOAD HONDA
LOSTCHORD ESTER
EVE RESORT SENT
SERPENTBEARER
AES SPOTTED
SETT DOSED AVA
HAREM ERE SPIED
ORE ELSAS ANNO
ELASTIC PAL
SNAKECHARMERS
SKUA ENLACE LEI
CURIO DIVESTING
ADELA EVER ADEN
BURST DENS MEWS

10/2/86

BRIDGE

By Alan Truscott

THE winners of the Goldman Pairs in a recent tournament were considerably aided by the diagramed deal. North played four hearts as shown when his three-heart overcall was raised to game by his partner. The defense played three rounds of diamonds and South had to ruff with dummy's queen.

He drew trumps, happy to see the even split, and reviewed what he knew. It seemed very likely that East's original distribution had been 3-2-1-7, so North played three rounds of spades, ruffing the third round in the closed hand.

As planned, this left East with nothing but clubs. South led a low club and ducked it around to East, forcing a club return from the king. Dummy's queen scored and the contract succeeded.

The game can be defeated but the defense is not easy. East must ruff the second round of diamonds, whether West leads a winner or a loser, and return a club for a ruff. A third round of diamonds is played and South has no endplay; he must lose a club trick for down one. At least one pair found this defense and defeated the game: West led the diamond three at the second trick instead of the ace, forcing her partner to ruff.

NORTH
♠ A 8 7 4
♡ Q 8 4 2
◇ Q 7
♣ Q 4 3

WEST (D)
♠ Q J 3 2
♡ 9 5
◇ A K 10 9 6 4 3
♣ —

EAST
♠ 9 6 5
♡ J 10
◇ 8
♣ K J 10 9 7 5 2

SOUTH
♠ K 10
♡ A K 7 6 3
◇ J 5 2
♣ A 8 6

East and West were vulnerable.
The bidding:

West	North	East	South
Pass	Pass	3 ♣	3 ♡
Pass	4 ♡	Pass	Pass
Pass			

West led the diamond king.

World Stock Markets

Via Agence France-Presse Oct. 1

Closing prices in local currencies unless otherwise indicated.

Amsterdam

	Close	Prev.
ABN	[illegible]	[illegible]

Brussels

[illegible]

Frankfurt

[illegible]

Hong Kong

[illegible]

Johannesburg

[illegible]

London

[illegible]

Milan

[illegible]

Paris

[illegible]

Singapore

[illegible]

Stockholm

[illegible]

Sydney

[illegible]

Zurich

[illegible]

Tokyo

	Close	Prev.
Fuji Bank	1690	1710
Fuji Photo	2790	2850
Fujitsu	920	930
Hitachi	1010	1070
Hitachi Cable	1070	1050
Honda	1240	1240
Japan Air Lines	9150	9200
Kajima	1440	1480
Kansai Power	3490	3700
Kawasaki Steel	274	256
Kirin Brewery	1320	1370
Komatsu	495	488

[illegible]

Toronto Sept. 30

Canadian stocks via AP

Sales	Stock	High	Low	Close	Chg
27930	Abitibi Prce	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

Montreal Sept. 30

[illegible]

SPORTS

Miami: First on the Football Field, Near Last in Acceptable Behavior

By Malcolm Moran
New York Times Service

MIAMI — Two days before the most significant regular-season game in the history of the football program at the University of Miami, the team's halfback was in court asking for a postponement of a trial on a charge of petty theft, and the athletic director held a meeting with campus police to discuss a growing animosity between players and security guards that had existed for at least two months.

Three days before the game between the then-No. 2 Hurricanes and top-ranked Oklahoma, campus security tried three times, without success, to disperse a boisterous late-night gathering of more than 25 players in a parking lot adjacent to a dormitory. There were no arrests or injuries, but a police report said that the appearance of 14 units of the Coral Gables police, and a police dog, was necessary to end the disturbance.

Joseph Frechette, the university's director of public safety and a football fan, said the players had been treated fairly. "If you're hanging around the 7-Eleven, you either leave or you get put in the paddy wagon," he said. "See what happens if you start sassing cops. You won't get the treatment they got. You'd be in the back of a car before you knew what hit you."

The incident merely extended a pattern of behavior that characterized the Miami season even before the first day of practice:

- Winston Moss, a senior linebacker, was suspended for one game for having driven a new, $18,000 sports car leased by an adjunct professor at the university who is also an agent for athletes. Moss was employed as a messenger, but also apparently drove the car for personal use.
- George Mira Jr., a junior middle linebacker, was arrested Aug. 19 after campus police officers said they attempted to intercede in an argument between Mira and his girlfriend. A charge of possession of an anabolic steroid was dropped when Mira established that the drug belonged to someone else. A felony charge of battery of a police officer was reduced to simple battery, a misdemeanor charge that is pending.
- Several days later, Mike Irvin, a sophomore wide receiver, was in a minor traffic accident near campus. Brian Blades, a junior wide receiver who was passing by, stopped to help. When two officers, who coincidentally had been involved in the Mira case, appeared on the scene, the players used abusive language, according to the police. Neither player was arrested, but they were the subject of a police report and publicity.
- Then Melvin Bratton, the team's leading rusher, was charged with stealing a pair of $20 sunglasses from a store. Bratton said he forgot he had placed the glasses on his head, and that he was innocent.

[The university president, Edward T. Foote, will meet Friday with the board of trustees's athletic advisory committee to discuss the football team's problems, The Associated Press reported from Coral Gables, Florida.

[The advisory committee, which includes persons who are not on the board of trustees, was set up to watch over athletic department policy, Foote said.

["They will review the recent events that have been so widely publicized," Foote said. "They will decide if any rules should be changed."]

Last Thursday afternoon, after his case was postponed until after the season, Bratton discussed the image of his team. "The Raiders of college football," he said, staking a claim that Oklahoma had already made. The two top teams in the nation perceive themselves as junior-varsity versions of the Los Angeles Raiders: tough-talking, hardhitting, and not especially agreeable at work.

Perhaps, someone suggested, the Hurricanes could declare their identity in the manner of the '80s, with a music video.

Bratton smiled at the thought. "We're in enough trouble around here," he said.

The conduct of the university's most visible students suggests again that for institutions in the business of education, the spectacle of No. 1 versus No. 2 comes at too high a price.

At issue is not the excitement of the spectacle. Some of the 19 other meetings between first- and second-ranked teams created images that were forever burned into hundreds of thousands of memories.

When Iowa beat Michigan last year on a last-second field goal, Rob Houghtlin, the kicker and sudden hero, became the center of a celebration in Iowa City. When Georgia threatened a shrinking Penn State lead in the 1983 Sugar Bowl, the Louisiana Superdome throbbed. After Southern Cal overcame Oklahoma with two seconds to play in Los Angeles Memorial Coliseum five years ago, a USC professor went home, sat down to dinner with his family, lifted a glass of wine and toasted the Sooners.

The issue is the means of creating the show. The day before this week's game of the year, Jimmy Johnson, the Miami coach, was asked if the off-field problems of his players had created any concerns.

"No concerns," Johnson said flatly.

Pressed on the issue, the coach said: "We have kept our priorities in perspective. I think the team has done a good job of not letting those developments distract them."

Johnson had unearthed the word — priorities — that defines the relationship between universities and the games they play. For those administrators who do not concede a connection between athletic success and academic compromise, there is the unhappy result of a recent survey of Division I-A football programs and the effect of Proposition 48, the controversial standard for the eligibility of freshmen.

Miami and Oklahoma were among the five schools to lose the largest percentage of freshmen as a result of the more difficult standards. Of the 17 Miami recruits, five (or 29.4 percent) failed to attain a 2.0 average plus a score of 700 on the Scholastic Aptitude Test or 15 on the American College Test. The Sooners lost 11 of 23 recruits, or 47.8 percent.

The spectacle in the Orange Bowl Saturday afternoon might have pushed the unpleasant thoughts away for a while. After postponing the Bratton case, Murray Meyerson, a Dade County judge, told the running back: "The community looks forward to your exploits on the field."

Later that afternoon, Bratton was asked if he had any idea what the rest of the student body thought of the recent episodes.

"They're too scared to say anything to us," Bratton said, and smiled.

Boggs Is 4-for-4 at Bat, Hikes Lead on Mattingly

The Associated Press

BOSTON — Wade Boggs of the Boston Red Sox, leading in the race for the American League batting title, went 4-for-4 Tuesday night to raise his major league-leading average to .358 during the game against the Baltimore Orioles.

With two doubles and two singles, Boggs improved his average from .353 before leaving the game in the sixth inning.

Meanwhile, Don Mattingly of the Yankees, in the game in New York, was 1-for-3 against the Toronto Blue Jays and remained at .349. The Yankees and Red Sox are to meet in Boston in a season-ending, four-game series starting Thursday.

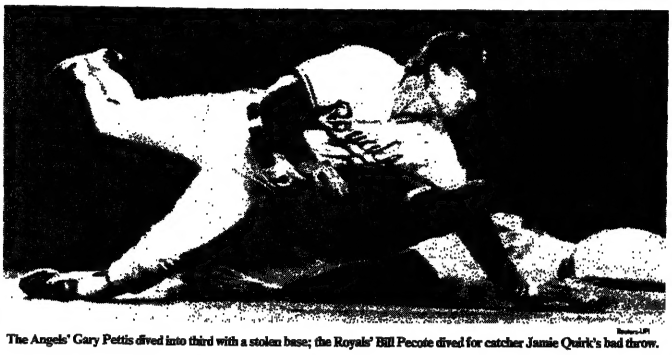
Boggs's two doubles gave Boston a league-leading 312 for the season and broke the club record of 310 set in 1979.

The Orioles' manager, Earl Weaver, having been asked if there was a way to get Boggs out, replied: "We haven't found a way yet.

"That's bat control," Weaver added. "You have to know exactly when to move the bat to find the holes. I could hit the ball to right and left field when I want to in batting practice but, when you're facing good curveballs, it's hard to do."

"He doesn't swing at a bad pitch, ever," said the Orioles' Cal Ripken said. "Sometimes it's hard to envision someone hitting it to the field he wants, but he does it."

"The man is incredible. He's a pure hitter," said the Orioles' designated hitter, Mike Young. "I wasn't around when Lou Gehrig was around, but I'm sure you got the same feeling watching him."



Reuters-UPI

The Angels' Gary Pettis dived into third with a stolen base; the Royals' Bill Pecote dived for catcher Jamie Quirk's bad throw.

Expos' Sebra Pitches 2-Hitter to Beat Mets

Compiled by Our Staff From Dispatches

MONTREAL — Rookie Bob Sebra pitched a two-hitter Tuesday night against the best-hitting team in the National League and the Montreal Expos beat the New York Mets, 1-0.

The Expos scored when Mitch Webster hit his league-leading 12th triple into the right-field corner with one out in the first inning and came home on Tim Raines's ground out to shortstop.

Ron Darling was the loser despite giving up only six hits in seven innings. He struck out seven without walking a batter.

Sebra, 5-5, turned in his third complete game for the Expos, but it was his first shutout. The last time he pitched against the NL East champions he beat them, 9-1, on a five-hitter, the last hit Darryl Strawberry's homer run in the ninth.

This time, said Sebra, "I was afraid that if I did lose the shutout, I might lose the game, too."

Gary Carter's second-inning double and Len Dykstra's sixth-inning single were the only hits Sebra allowed Tuesday.

Braves 8, Reds 7: In Atlanta, Bob Horner homered and drove in three runs and Albert Hall made a game-saving catch in the ninth against Cincinnati.

Phillies 9, Cubs 2: In Philadelphia, Von Hayes drove in his team's first five runs with two homers and a double against Chicago.

Cardinals 5, Pirates 3: In St. Louis, Andy Van Slyke homered for one run and singled for two against Pittsburgh.

Padres 11, Dodgers 8: In San Diego, Marvell Wynne hit a three-run triple during a four-run eighth that beat Los Angeles.

Giants 6, Astros 5: In San Francisco, Candy Maldonado's sacrifice fly, following a two-base error with one out in the bottom of the ninth, beat Houston.

Rangers 9, A's 5: In the American League, in Arlington, Texas, Kevin Brown, the fourth pick overall in the June draft, became only the second pitcher since 1973 to win his major

BASEBALL ROUNDUP

league debut when Ruben Sierra hit a three-run homer during a seven-run third inning against Oakland.

The right-hander, who had last pitched Aug. 30 in Tulsa of the Double-A Texas League, gave up two runs and six hits while striking out four in five innings.

Rookie Mike Loynd, who pitched the last four innings, gave up two hits and struck out seven, but uncorked the major-league record-breaking 92d wild pitch this year for the Rangers.

Yankees 5, Blue Jays 2: In New York, Rickey Henderson hit his ninth leadoff homer this year and Dan Pasqua hit a two-run double in a four-run first that beat Toronto.

Orioles 6, Red Sox 3: In Boston, Mike Young's two-run single capped a three-run 10th for Baltimore and prevented the Red Sox from winning 100 games this season. They had needed to win their last six games to reach the 100-victory plateau for the first time since 1946.

White Sox 5, Mariners 4; White Sox 5, Mariners 4: In Chicago, Steve Lyons scored from third on Seattle catcher Dave Valle's passed ball with two out in the seventh to give the White Sox a doubleheader sweep. In the first game, Reid Nichols hit a two-out, game-winning single in the 10th.

Brewers 5, Tigers 0: In Milwaukee, Tim Leary pitched a four-hitter and at one point retired 15 consecutive Detroit batters. On Wednesday, the Brewers announced that interim manager Tom Trebelhorn would continue in the job next season.

Angels 8, Royals 4: In Kansas City, Missouri, Gary Pettis and Devon White each walked with the bases loaded and Wally Joyner drove in three runs for California.

Twins 10, Indians 9: In Minneapolis, Tom Brunansky's two-run double in the 10th beat Cleveland.

(UPI, AP)

Angels: Some Old, Some New and, Surprisingly, Few Better

(This is the second of four articles on major league baseball's four division winners)

By Richard Justice
Washington Post Service

WASHINGTON — Two winters ago, when the reshaping of the California Angels began, almost everyone thought they knew what would happen: there would be a dry spell, then years of contenders, division championships and, best of all, a steady flow of talent from the farm system.

The Angels said goodbye to free agents Fred Lynn and Don Aase after the 1984 season, did the same with Rod Carew and Juan Beniquez in 1985 and have nine veterans whose contracts expire later this month. Letting Lynn, Aase and Beniquez go were unpopular moves. Still, said the Angels, they would have six high draft picks in 1986, and those picks could make the next decade their best decade.

Then something odd happened.

The Angels became a very good team very quickly.

They have the American League's best defense, its best bullpen and, some would say, its best starting pitching rotation. Seven of 10 regulars already have celebrated their 35th birthdays, four their 37th. None knows who will be the next ex-Angel.

Or as one AL general manager said this week, "Didn't I tell you having people on one-year contracts makes a difference?"

Said left fielder Brian Downing: "It's something we've had to deal with all year. It's not that great an environment, but it's understood by everybody, and we don't really worry about it. Our sole goal is the same: to win the World Series."

Then again, maybe the blend is right.

Maybe, too, the Angels are the American League's best team. They will enter the playoffs with the worst record of any of the four division winners, but their season began with five pitchers injured.

Reliever Donnie Moore has 21 saves despite spending five weeks on the disabled list, and still is nursing a sore shoulder. John Candelaria (9-2, 2.73) did not pitch until July 8. Gary Lucas (4-0, 2.98) also spent time on the disabled list.

At one point, those injuries left the Angels with a staff that included T.R. Bryden, Chuck Finley and Todd Fischer.

Had the Angels been in the American League East or the National League East, they might have been buried by July. Instead, they had to fight off only the Texas Rangers, and on the evening of June 16, they began to bury them, too.

That was the night Wally Joyner, the rookie first baseman, broke up Charlie Hough's no-hitter for the Rangers in the bottom of the ninth inning. The Angels rallied to win that game and, through Tuesday night, were 59-35 since.

More impressive is that good pitching became great pitching. Their top four starters have been 43-18 in this stretch, and for eight weeks in the second half, Mike Witt (18-10, 2.74 earned-run average) was the game's best.

He will finish second or third in the Cy Young Award voting, but the Angels can't wait to match him against Roger Clemens of the Red Sox in Tuesday's opening game of the league championship series in Boston.

Just behind him is 25-year-old Kirk McCaskill (17-9, 3.41 ERA) and Candelaria. And behind them is their fourth starter, 40-year-old Don Sutton (15-10, 3.61), who has rolled up pretty much the same statistics for each of his last 20 seasons.

Moore is the bullpen stopper, but the Angels also have Doug Corbett (10 saves, 4 victories), Lucas (4 victories, 2 saves) and Terry Forster (4 victories, 5 saves). In all, four pitchers have saved games, and three starters have won at least 15.

"This team is as deep in knowing-how as any team I've ever had," said the Angels' manager, Gene Mauch. "If we'd had this bullpen in 1982, we'd have won the playoffs and World Series."

"I think Gene and the staff deserve a lot of credit," said the team's general manager, Mike Port. "Not all the players like his platooning system, but in some cases, he used guys so well that it was almost impossible for them to fail."

Mauch's primary platoon positions were right field and designated hitter. In right, Ruppert Jones played against right-handers and George Hendrick against left-handers. Result: 30 homers, 95 runs batted in.

As designated hitter, Mauch used Reggie Jackson against right-handers, Rick Burleson against left-handers. Result: 23 homers, 82 RBIs.

Equally as important is that the Angels have had one slugger hot almost the entire season. On July 8, Joyner had been the man, hitting 19 homers and driving in 64 runs.

While Joyner was hot, third baseman Doug DeCinces was not, leaving 44 runners on base during a 42-game stretch.

Then, Joyner began a long cool down and since has hit only three homers and driven in 31 runs.

But as he slowed, DeCinces took over and, since July 7, no AL player has been more valuable: 15 homers and 50 RBIs.

Five AL teams have hit more than the Angels' 163 homers, and no Angel has more than 25. However, seven have 10 or more, and four have 18 or more: Jackson (18), DeCinces (25), Downing (20) and Joyner (22).

Then there is the matter of defense. Dick Schofield is one of the five best fielding shortstops in the game, and Pettis may be the best center fielder in two decades.

The talent has blended nicely with the emotions that go with veteran players not knowing if they are getting their last shots. Jackson has said that this probably would be his final October, and DeCinces, Downing, Bobby Grich, Bob Boone and others must be wondering the same thing.

"There are several undercurrents on this team," Port said. "One is that the players want to win, and contracts have nothing to do with it. Brian Downing plays only one way, whether he has a contract or not. Bob Boone is the same way.

"I think, too, the players would like to get this done for Gene Autry," the team's owner, who turned 79 this week.

"There's a lot of warm feeling for him, and how much he wants to win," said Port. "Really, we're happy to win the American League East, but we hope this is the first of three big steps."

SCOREBOARD

European Soccer

CUP WINNERS' CUP
First round, second leg)

Dinamo Bucharest (Romania) 1, Nentori (Albania) 2; Nentori wins, 3-1, on aggregate
Spartak Trnava (Czechoslovakia) 0, Stuttgart 0; Stuttgart wins, 1-0
Velez Mostar (Yugoslavia) 3, Vasas Budapest 2; Velez Mostar wins, 5-4
Torpedo Moscow 3, Haka Valkeakosken (Finland) 1; Torpedo Moscow wins, 5-3

CHAMPIONS CUP
(First Round, second Leg)

Rabat Ajax (Malta) 0, Porto (Portugal) 1; Porto wins, 1-0
Dynamo Berlin (East Germany) 4, Orgryte (Sweden) 1; Dynamo Berlin wins, 7-3
Lokomotiv Leipzig 2, Glentoran (Northern Ireland) 0; Leipzig wins, 3-1
HJK Helsinki (Finland) 3, Apoel Nicosia 2; aggregate score 3-3, Apoel wins on away goals
Valur Reykjavik 0, Juventus 4; Juventus wins, 11-0
Gornik Zabrze (Poland) 1, Anderlecht (Belgium) 1; Anderlecht wins, 3-1
Dynamo Kiev 2, Beroe (Bulgaria) 0, Dynamo Kiev wins, 3-1
Austria Vienna 3, Avenir Beggen (Luxembourg) 0; Austria Vienna wins, 6-0
Honved Budapest 2, Broendby (Denmark) 2; Broendby wins, 6-3
Celtic (Scotland) 2, Shamrock Rovers 0; Celtic wins, 3-0

UEFA CUP
(Second round)

Neuchatel Xamax (Switzerland) 3, Lyngby (Denmark) 1; Neuchatel wins, 5-1
Valerengen (Norway) 0, Beveren (Belgium) 0; Beveren wins, 1-0
Stahl Brandenburg (East Germany) 1, Coleraine (Northern Ireland) 0; Brandenburg wins, 2-1
Trakia Plovdiv (Bulgaria) 8, Hibernians (Malta) 0; Trakia wins, 10-0
Sredets (Bulgaria) 2, FC Tirol 0; Tirol wins, 3-2
Partizan Belgrade 1, Borussia Moenchengladbach 3; Moenchengladbach wins, 4-1
Galway United 1, FC Groningen (Netherlands) 3; FC Groningen wins, 8-2
Galatasaray (Turkey) 2, Universitatea Craiova (Romania) 1; Craiova wins, 3-2
Ilves Tampere (Finland) 2, Rangers (Scotland) 0; Rangers win, 4-2
Widzew Lodz 1, Linzer ASK (Austria) 0; Widzew Lodz wins, 2-1
Raba Eto Gyor (Hungary) 0, Dynamo Minsk 1; Raba Eto wins, 4-3
Vitoria Guimaraes (Portugal) 2, Sparta Prague 1; Vitoria Guimaraes wins, 3-2
Dukla Prague 1, Heart of Midlothian (Scotland) 0; aggregate score 3-3, Dukla Prague wins on away goals
Hajduk Split (Yugoslavia) 4, OFI Crete 0; Hajduk wins, 4-1
Dnieper Dniepropetrovsk 0, Legia Warsaw 1; Legia wins, 1-0
Dundee United 2, Lens (France) 0; Dundee United wins 2-1
Wrexham (Wales) 4, Zurrieq (Malta) 0; Wrexham wins, 7-0.

Volleyball

World Championship

Semifinal Round

Group E (at Toulouse, France): Bulgaria def. China, 15-8, 15-13, 15-11; Czechoslovakia def. Italy, 15-8, 15-8, 15-4

Group F (at Nantes, France) Cuba def. Japan, 11-15, 15-12, 15-10, 15-12.

Football

National Football League Leaders

AMERICAN CONFERENCE

TEAM OFFENSE

	Yards	Rush	Pass
Miami	1649	301	1348
Jets	1443	390	1053
Cincinnati	1425	542	883
Raiders	1392	413	979
San Diego	1369	468	901
Seattle	1369	598	771
New England	1368	409	959
Houston	1344	475	869
Buffalo	1288	441	847
Denver	1282	508	774
Cleveland	1184	323	861
Kansas City	1140	510	630
Indianapolis	996	273	723
Pittsburgh	992	410	582

TEAM DEFENSE

	Yards	Rush	Pass
Houston	1065	484	581
New England	1146	440	706
Raiders	1151	336	815
Denver	1164	263	901
Kansas City	1264	382	882
Seattle	1274	465	809
Indianapolis	1328	495	833
Pittsburgh	1393	536	857
Jets	1400	308	1092
Buffalo	1503	516	987
Cleveland	1503	695	808
Cincinnati	1517	656	861
San Diego	1528	368	1160
Miami	1648	577	1071

INDIVIDUAL

Rushers

	ATT	YDS	AVG	LG	TD
Warner, Sea.	80	373	4.7	31	4
Winder, Den.	68	258	3.8	31	3
Rozier, Hou.	75	257	3.4	15	0
Allen, Raiders	62	246	4.0	20	1
Bell, Buff.	50	217	4.3	42	3
C.James, N.E.	67	210	3.1	16	1
Brooks, Cin.	42	202	4.8	53	0
Kinnebrew, Cin.	46	187	4.1	22	4
James, S.D.	35	175	5.0	24	0
Pruitt, K.C.	43	162	3.8	14	0

Scoring (Touchdowns)

	TD	Rush	Rec	Ret	Pts
Morgan, N.E.	5	0	5	0	30
Walker, Jets	5	0	5	0	30
Clayton, Mia.	4	0	4	0	24
Kinnebrew, Cin.	4	4	0	0	24
McGee, S.D.	4	4	0	0	24
N.Moore, Mia.	4	0	4	0	24
Warner, Sea.	4	4	0	0	24
Winder, Den.	4	3	1	0	24

Scoring (Kicking)

	PAT	FG	Lg	Pts
Franklin, N.E.	11-11	9-12	49	38
Leahy, Jets	12-12	7-7	48	33
Bahr, Clev.	18-18	7-7	45	31
Bahr, Raiders	6-6	8-8	43	30
Lowery, K.C.	18-18	6-7	47	28

Quarterbacks

	ATT	COM	YDS	TD	INT
Eason, N.E.	133	81	1042	7	8
O'Brien, Jets	130	82	1161	7	5
Elway, Den.	118	66	763	7	1
Marino, Mia.	161	97	1293	11	7
Kelly, Buff.	103	63	716	5	5
Wilson, Raiders	100	59	835	5	5
Kosar, Clev.	133	79	901	3	1
Krieg, Sea.	120	70	824	6	5
Blackledge, K.C.	107	51	743	5	3
Moon, Hou.	134	76	948	4	7

Receivers

	NO	YDS	AVG	LG	TD
Toon, Jets	26	356	13.7	46	1
Christensen, Raiders	25	297	11.9	26	1
Clayton, Mia.	24	497	20.7	49	4
Morgan, N.E.	24	395	16.5	44	5
Byner, Clev.	24	228	9.5	40	0
Duper, Mia.	20	339	17.0	46	2
Collinsworth, Cin.	18	296	16.4	46	2
Anderson, S.D.	18	154	8.6	29	3
Nathan, Mia.	17	165	9.7	18	0
Collins, N.E.	17	139	8.2	24	2

NATIONAL FOOTBALL CONFERENCE

TEAM OFFENSE

	Yards	Rush	Pass
Atlanta	1694	871	823
San Francisco	1553	468	1085
Giants	1497	493	1004
Chicago	1483	772	711
Washington	1482	505	977
Dallas	1448	549	899
Minnesota	1312	432	880
Detroit	1199	502	697
Philadelphia	1182	380	802
St. Louis	1118	431	687
Tampa Bay	1100	578	522
Rams	1097	569	528
Green Bay	1080	269	811
New Orleans	890	357	533

TEAM DEFENSE

	Yards	Rush	Pass
Minnesota	997	470	527
St. Louis	1074	590	484
Rams	1144	339	805
San Francisco	1146	385	759
Giants	1154	277	877
Detroit	1170	572	598
Atlanta	1178	508	670
Chicago	1272	277	995
Dallas	1213	516	697
Washington	1245	499	746
Green Bay	1343	454	889
Philadelphia	1425	719	706
Tampa Bay	1564	572	992
New Orleans	1649	558	1091

INDIVIDUAL

Rushers

	ATT	YDS	AVG	LG	TD
Dickerson, Rams	99	450	4.5	25	3
Riggs, Atl.	96	415	4.3	22	4
Payton, Chi.	84	398	4.7	29	3
Rogers, Wash.	89	386	4.3	42	6
Jones, Det.	88	339	3.9	39	4
Morris, Giants	68	280	4.1	52	2
Walker, Dall.	41	252	6.1	34	3
D.Nelson, Minn.	51	222	4.5	42	0
Dorsett, Dall.	48	228	4.8	33	1
Austin, Atl.	44	216	4.9	32	1

Quarterbacks

	ATT	COM	YDS	TD	INT
Kramer, Minn.	111	65	861	11	1
Archer, Atl.	105	57	882	6	1
D.White, Dall.	129	82	966	10	5
Kemp, S.F.	99	63	782	5	4
Schroeder, Wash.	119	61	1038	3	2
Jaworski, Phil.	129	72	796	6	3
Hipple, Det.	125	82	755	3	3
Simms, Giants	153	82	1125	8	7
Bartkowski, Rams	85	41	478	1	2
Lomax, St.L.	134	70	744	2	6

Receivers

	NO	YDS	AVG	LG	TD
Bavaro, Giants	25	393	15.7	30	1
C.Brown, Atl.	22	369	16.8	40	2
Clark, S.F.	22	289	13.1	29	1
Craig, S.F.	22	132	6.0	19	0
Jones, Det.	22	130	5.9	20	1
Rice, S.F.	21	407	19.4	66	3
Monk, Wash.	20	362	18.1	69	0
Clark, Wash.	20	328	16.4	55	1
Hill, Dall.	18	310	17.2	63	2
Quick, Phil.	17	231	13.6	55	2
Lofton, G.B.	17	202	11.9	36	1
Epps, G.B.	17	199	11.7	25	0

Scoring (Touchdowns)

	TD	Rush	Rec	Ret	Pts
Rogers, Wash.	6	6	0	0	36
Jones, Det.	5	4	1	0	30
Payton, Chi.	5	3	2	0	30
Jones, Minn.	4	0	4	0	24
Riggs, Atl.	4	4	0	0	24
Walker, Dall.	4	3	1	0	24

Scoring (Kicking)

	PAT	FG	Lg	Pts
Luckhurst, Atl.	14-14	8-10	47	38
Butler, Chi.	13-14	8-14	52	37
Wersching, S.F.	17-11	8-10	46	35
Moseley, Wash.	10-11	6-9	45	28
C.Nelson, Minn.	13-13	5-6	48	28

Baseball

Tuesday's Line Scores

AMERICAN LEAGUE

First Game

Seattle 100 000 030 0—4 7 3
Chicago 020 001 001 1—5 12 2
Moore, Young (9), Ladd (9), Guetterman (10), Nunez (10) and Kearney; Carlton, Thigpen (8), Schmidt (10) and Hassey, Karkovice (9). W—Schmidt, 3-6. L—Ladd, 8-6. HR—Chicago, Hassey (9).

Second Game

Seattle 100 100 101—4 6 0
Chicago 102 000 11x—5 9 0
Swift and S.Bradley, Valle (7); Cowley, Searage (7), Schmidt (9) and Karkovice. W—Searage, 1-1. L—Swift, 2-9. Sv—Schmidt (8). HR—Chicago, Nichols (1).

Toronto 000 100 100—2 9 0
New York 400 000 01x—5 9 0
Stieb, Eichhorn (6) and Whitt; Nielsen, Righetti (7) and Skinner, Espino (9). W—Nielsen, 3-4. L—Stieb, 7-12. Sv—Righetti (43). HRs—Toronto, Barfield (37), Whitt (16). New York, Henderson (28).

Detroit 000 000 000—0 4 2
Milwaukee 003 000 02x—5 8 0
Petry and Nokes; Leary and Cerone. W—Leary, 11-12. L—Petry, 5-10.

Baltimore 001 000 200 3—6 12 2
Boston 201 000 000 0—3 13 0
Dixon, Bordi (8), Aase (10) and Dempsey, Stefero (7); Sellers, Crawford (7), Schiraldi (9), Stanley (10) and Sullivan. W—Bordi, 6-4. L—Stanley, 6-6. Sv—Aase (34). HR—Baltimore, Dempsey (13).

California 101 005 010—8 11 1
Kansas City 300 100 000—4 7 2
Chadwick, Finley (4) and Narron; Saberhagen, Bankhead (6), Sheilds (6), Cone (9) and Quirk, Bell (8). W—Finley, 3-1. L—Bankhead, 8-9.

Oakland 101 000 102—5 8 0
Texas 007 000 02x—9 7 4
Rodriquez, Plunk (3), Mooneyham (5), Bair (8) and Willard; Brown, Loynd (6) and Slaught, Mercado (6). W—Brown, 1-0. L—Rodriquez, 1-2. Sv—Loynd (1). HR—Texas, Sierra (16).

Cleveland 000 104 030 1— 9 16 1
Minnesota 110 101 031 3—10 20 0
Niekro, Wills (7), Camacho (8) and Bando; Viola, Atherton (6), Fontenot (8), Frazier (8), Portugal (10) and Reed. W—Portugal, 6-10. L—Camacho, 2-4. HRs—Cleveland, Bando (2). Minnesota, Washington (4), Puckett (30), Woods (2).

NATIONAL LEAGUE

New York 000 000 000—0 2 0
Montreal 100 000 00x—1 7 1
Darling, McDowell (8) and Carter; Sebra and Hunt. W—Sebra, 5-5. L—Darling, 14-6.

Cincinnati 000 300 022—7 16 2
Atlanta 017 140 10x—8 11 0
Gullickson, Willis (5), Landrum (8) and Diaz; Mahler, Dedmon (8), Smith (9), Garber (9) and Benedict. W—Mahler, 14-17. L—Gullickson, 14-12. Sv—Garber (24). HRs—Cincinnati, Parker (30). Atlanta, Griffey (12), Horner (26).

Chicago 000 010 001—2 8 6
Philadelphia 103 120 20x—9 15 1
Hall, Gumpert (3), Davis (5), DiPino (5), Lynch (8) and Davis; Ruffin and Russell. W—Ruffin, 9-4. L—Hall, 1-2. HRs—Philadelphia, Hayes 2 (19).

Pittsburgh 110 010 000—3 7 1
St.Louis 200 200 01x—5 10 1
Rhoden and Pena; Cox and LaValliere. W—Cox, 12-12. L—Rhoden, 15-12. HRs—Pittsburgh, Rhoden (1). St. Louis, Van Slyke (12).

Los Angeles 114 000 011— 8 10 0
San Diego 120 004 04x—11 12 0
Honeycutt, Beckwith (6), Vande Berg (6), Howell (8), Powell (8) and Sciascia; Hawkins, Wojtler (3), Vosberg (5), Hoyt (7), McCullers (9) and Santiago. W—Hoyt, 8-11. L—Howell, 6-12. HRs—Los Angeles, Bryant (5), Hamilton (5). San Diego, Santiago (3).

Houston 002 102 000—5 6 2
San Francisco 000 102 101—6 11 2
Knepper, Andersen (6), Lopez (9) and Mizerock, Wine (9); LaCoss, M.Davis (7) and Melvin. W—M.Davis, 5-7. L—Lopez, 3-3.

Major League Standings

AMERICAN LEAGUE

East Division

	W	L	Pct.	GB
x-Boston	94	62	.603	—
New York	86	71	.548	8½
Toronto	85	73	.538	10
Detroit	82	75	.522	12½
Cleveland	80	78	.506	15
Milwaukee	74	82	.474	20
Baltimore	73	85	.462	22

West Division

	W	L	Pct.	GB
x-California	91	66	.580	—
Texas	84	73	.535	7
Oakland	74	84	.468	17½
Kansas City	73	85	.462	18½
Chicago	70	87	.446	21
Minnesota	68	89	.433	23
Seattle	67	91	.424	24½

x-clinched division title

NATIONAL LEAGUE

East Division

	W	L	Pct.	GB
x-New York	103	54	.656	—
Philadelphia	84	74	.532	19½
St. Louis	79	78	.503	24
Montreal	77	79	.494	25½
Chicago	68	90	.430	35½
Pittsburgh	62	95	.395	41

West Division

	W	L	Pct.	GB
x-Houston	91	66	.580	—
Cincinnati	82	75	.522	9
San Francisco	81	76	.516	10
Atlanta	72	84	.462	18½
Los Angeles	72	86	.456	19½
San Diego	72	86	.456	19½

x-clinched division title

Davis Cup Semifinals This Weekend Will Be Without 4 of Tennis' Best

By Bob Greene
The Associated Press

NEW YORK — With the world's top two players — Ivan Lendl and Mats Wilander — sitting on the sidelines, defending champion Sweden plays Czechoslovakia this week in the semifinals of the Davis Cup tennis competition.

Lendl, the reigning French Open and U.S. Open champion, has not played Davis Cup for his native Czechoslovakia since 1984. Wilander, who has led Sweden to the last two cup titles, is in the midst of a self-imposed rest from the sport.

The other World Group semifinal sends the United States — minus John McEnroe and Jimmy Connors — against Australia on the grass courts in Queensland.

McEnroe, who has won his last two tournaments following a nearly seven-month sabbatical, asked to be named to the U.S. squad, but was turned down by J. Randolph Gregson, president of the U.S. Tennis Association. Connors has rarely played Davis Cup, and in his last appearance in 1984 was soundly beaten by Wilander.

The two singles matches for the Americans will be played by either Brad Gilbert, Tim Mayotte or Paul Annacone, all big serve-and-volleyers. The decision on which two will play was to be made just before the draw on Thursday.

The three-day competition will have two singles on Friday, the doubles on Saturday and the "reverse singles" on Sunday.

Playing doubles for the United States will be Robert Seguso and Ken Flach.

The Australian team is composed of Pat Cash, Wally Masur, Paul McNamee and John Fitzgerald.

The Sweden-Czechoslovakia matchup will be played on clay in Prague. Named to the Swedish team were Australian Open champion Stefan Edberg, Anders Jarryd, Kent Carlsson and French Open runner-up Mikael Pernfors. It is believed that Edberg and Carlsson will play singles, with Edberg teaming with Jarryd in doubles.

Miloslav Mecir, who lost to Lendl in the men's singles final at the U.S. Open, will lead the Czechoslovak squad. The other members of the team are Milan Srejber, Karel Novacek and Tomas Smid.

If the United States defeats Australia and Sweden wins, the Davis Cup final Dec. 19-21 will be held in the United States. If the Swedes lose and the Americans win, the final would be held in Czechoslovakia.

Only those four nations are still in the running for the prestigious international team trophy that was donated by Dwight Filley Davis of St. Louis in 1900.

Other competitions around the world this week will determine the makeup next year's 16-nation World Group.

Israel is at Switzerland for the European Zone B final Wednesday through Friday, with the winner advancing to the World Group in 1987 and the loser remaining in zonal play. The matches were moved from Friday through Sunday because of Rosh Hashanah, the Jewish New Year, which begins at sundown Friday night.

All of the other matches will be staged Friday through Sunday.

Lionel Grosseau/The Associated Press

EAST LOOMS LARGE IN WEST — Oseki Onokuni, 455 pounds (202 kilograms) of Japanese wrestler, arrived Wednesday in Paris to take part in a sumo tournament that is to be held Oct. 10-12 in the French capital.

ART BUCHWALD

Tax Winners and Losers

WASHINGTON — The U.S. tax bill has been passed, and while no one understands it, every expert seems to be producing a "Who won, who lost?" column.

What do taxpayers really think?

To find out I decided to speak to a representative from each tax bracket affected by the legislation.

The first one I talked to was a poor person.

Buchwald

"How do you feel about the tax reform bill?"

"Very good," he said. "The poor people have always prayed for meaningful tax reform and are delighted it is finally here. We have continually maintained that once the tax system became fair, the poor would be willing to pay its share which, in our case, is nothing."

"Do you believe that if the poor lower class is not obligated to pay taxes, it will encourage many in the middle class to become poor?"

"On the surface it sounds like an incentive for the middle class. But there is more to being poor than not wanting to pay taxes — such as having rotten housing, eating bad food and walking in unsafe neighborhoods. I hate to think that people would choose to be poor just to save money on their taxes."

"What are you going to do with the money you save by not paying taxes?" I asked.

"Invest in bonds, buy out Donald Trump or take over CBS. There is no telling what a poor person is capable of doing when he doesn't have to give everything to Uncle Sam."

□

After speaking to a poor person I sought out a rich one.

"Sir I would like to talk to you about the new tax reform bill."

He was very serene. "I pay all the taxes I'm obligated to pay, not to mention the fees I am charged by those who handle my money."

"I am happy to hear that. Do you see yourself a winner or a loser with the new tax law?"

"When it comes to taxes, rich people are never winners. We are always looking for ways to make the code more equitable. That's why we support so many experts and accountants — to make sure that we are paying our portion. After all what is money if you can't share it with Washington?"

"Does that make you a winner or a loser?"

"This particular bill takes away many of the deductions that the rich considered part of their life-support systems. But the wonderful *thing about being rich is that whatever* they do to you, you can always find a way of getting around it."

"Then what you are saying is that even if the rich start out as losers they will eventually be winners."

He continued, "If there is any bitterness amongst the rich it is that in writing the tax reform bill, congressmen and senators abandoned the class who financed their way to power. The very people whose campaigns we donated to have set a torch to our tax shelters."

"You're taking it extremely well," I said.

"The art of being rich is to pretend that nothing bothers you."

The final person I spoke to was a middle-class taxpayer.

"Do you consider yourself a winner or a loser in the new tax bill?"

"At the beginning I will be a small loser but eventually I'll be a big winner. The middle class is always a winner when it comes to income taxes."

"Do you honestly believe that?" I asked him.

"No, but I thought you'd like an upbeat note for the end of your column."

Indian Books Featured At 38th Frankfurt Fair

The Associated Press

FRANKFURT — The 38th Frankfurt Book Fair has opened with 320,000 titles from 7,000 publishers from 84 countries on display, and an India literary exhibit presenting works by native authors as well as books about the country written by foreigners as the centerpiece.

"In India we see the development of a self-standing literary identity from the roots of one of humanity's oldest cultures," Foreign Minister Hans-Dietrich Genscher said in a speech opening the fair, which runs through Oct. 6.

Soprano's Tale Of 2 Cultures

By Andrew Clark

MILAN — This is where Yasuko Hayashi arrived in 1970 to study music on an Italian government grant, where she sang her first European performance of "Madama Butterfly" in 1972, and where she now lives with her Italian husband and two children. She has established a reputation as the most successful opera singer Japan has produced and the only Japanese soprano to have made an international career without being typecast as Puccini's little geisha girl.

She has sung leading roles in "Don Giovanni" at London's Covent Garden, "Il Trovatore" in Berlin, "La Traviata" at the Vienna State Opera and "Maria Stuarda" in Chicago. She has sung Verdi all over Italy, including La Scala, and has become an accomplished interpreter of the *canti da camera* of Handel, Pergolesi and Bellini.

At the University of Arts in Tokyo, her Italian teacher called her "La Napoletana." "He said my character was open and my Italian pronunciation was good," she recalled at her home here. "Even in Italy they say my voice is not a Japanese voice. Quite apart from the difficulties of pronunciation, a Japanese voice is not good for bel canto singing. In Italian opera you need freedom, flexibility and fluidity of sound. It's not natural for a Japanese voice to sing with large volume, so they tend to end up forcing the voice, especially in the deep notes.

"You find these differences emphasized in the kind of music we sing. There is also something about the content of Japanese songs that distinguishes them from other cultures. They're full of suffering — and suffering is a large part of the Japanese mentality. They like to cry! They take everything inside. They are offended and suffer inside. In Italy, to understand the character and feelings of another person is easy because they speak freely and don't hide their emotions. In Japan it's different. They don't speak, but they think. Well, I'm not Japanese."

Nonetheless, her 3-year-old daughter and 11-year-old son have Japanese as well as Italian names, and they spend three months every year at her parents' home in Shikoku, in southern Japan, so they can speak Japanese. She makes occasional appearances with Japanese companies, and includes Japanese songs in her recitals in Europe.

In Milan, it came as a shock that the students at the conservatory did not approach their work with the intensity she was used to. She left to study privately, and soon was one of the select few at La Scala's Scuola di Perfezionamento. Watching rehearsals by first-rank singers became part of everyday life. As Hayashi says, "It was my dream: I could not hope to sing there myself." But the dream drew nearer reality when she was told to understudy Gabriella Tucci as Butterfly in the 1971-2 season, and with one performance left out of a run of 17, she got her chance. "It was exceptional for a student to make a debut there — and here was I, a *straniera* into the bargain."

Then she won a Rossini competition organized by Italian radio-television, and an international career beckoned. At La Scala alone, Hayashi has sung more than 50 performances, and she returns next May for a revival of "Butterfly" staged by a compatriot, Keita Asari. Hayashi says Puccini's opera demands more of her vocally than any of the 50 other major roles in her repertoire, because of the strength of the orchestral writing and the lack of rests in the second act. But it is still one of her favorites. "I can remain more myself. When you see European singers in the role, they tend to use exaggerated gestures, and it doesn't look natural.

"Japanese people love 'Madama Butterfly.' It doesn't disturb us. Puccini may have got one or two details wrong, but the music shows that in spirit, he understood. The opera is not just an exotic Western view — there is something of the real Japan. Most of the orchestral themes he chose are reminiscent of old Japanese songs — he wove the rhythms and melodies naturally into the fabric of his music. He also understood the role of suicide in Japanese culture. The Catholic idea is that it's a shameful thing to do. Not in our culture. Even today *suicidio* is a common occurence in Japan.

"So I see 'Butterfly' as real life, not a romantic version of it. The first act is romantic, of course, but from the beginning of the second act, when Butterfly is left to confront the problems of everyday life it is real. Pinkerton is just a young, easygoing American boy, without responsibilities in life, and many people make errors when they're young. Butterfly is an innocent and he knows how to seduce her: Western people often find it easy to say something without doing it — especially the men in Ital. In Japan, saying is doing. So the opera tells of a clash of cultures, and the only one to act as a bridge is Sharpless, the American consul."

Hayashi's respect for Puccini's evocation of Japan, and her own role as a bridge between two cultures makes her suspicious of radical or updated productions, and she has turned down offers to appear in staging by the film director Ken Russell, who portrayed Butterfly as a Nagasaki prostitute around the time of the Japanese attack on Pearl Harbor. Joking that she would rather kill herself than appear in such a production, she observes: "These directors think they know better than Puccini, but they don't understand anything of Japanese culture, they don't understand the music or the feelings behind it. They only want to shock the public for the sake of their own ego. I will have nothing to do with them. I must defend the Japanese soul."

Andrew Clark is a journalist and music critic based in Switzerland.

Yasuko Hayashi in "Madama Butterfly" at La Scala.

PEOPLE

Classic Aid for Refugees

Dozens of classical music performers played and sang for the benefit of refugees in an international gala concert UN organizers expected to raise $2 million. The Classic Aid concert in Geneva Tuesday was broadcast to about 30 countries, for an estimated worldwide audience of about 300 million. It featured **Lorin Maazel** conducting the Monte Carlo Philharmonic Orchestra, which accompanied the flutist **Jean-Pierre Rampal**, the singer **June Anderson** and other artists. Among the videotaped acts, shown on screens in the concert hall, were the New York Philharmonic Orchestra directed by **Zubin Mehta** and the New Japan Philharmonic led by **Seiji Ozawa**. Other stars included the singer **Luciano Pavarotti**, the violinist **Itzhak Perlman**, the guitarists **John Williams** and **Narciso Yepes**, and the pianist **Vladimir Ashkenazy**. The gala, organized by the Geneva-based Office of the UN High Commissioner for Refugees and billed as the biggest classical music event ever, nearly filled the auditorium at a Geneva hotel. At the evening's start, Maazel said he hoped "every note will transform itself into a piece of bread" for refugees.

□

President Ronald Reagan, who recently found out that some of his ancestors are buried in Fulton, Illinois, has paid to have the deteriorating gravestones refurbished. The president asked the Boyce Monument Co. of Clinton, Iowa, to spruce up the gravestones of his great-grandfather, **Michael Reagan**, and two great-uncles, **William** and **Thomas Reagan**.

□

Vladimir Horowitz, 82, will perform in the Netherlands next month for the first time in half a century, a spokesman for the famed Concertgebouw concert hall confirmed Wednesday. Horowitz's Nov. 23 Amsterdam appearance is to be the second of a two-stop European tour that will include a concert in Frankfurt Nov. 16, according to **Martijn Sanders**, manager of the concert hall.

□

Paul Morris said Tuesday a bus driver demanded a fare for the 3-foot (1-meter) teddy bear he was taking to a friend in a hospital in Birmingham, England. "The driver told me how much my fare was and then said: 'What about the teddy bear?' " Morris said. "I thought he was joking, but he was deadly serious." Morris, 23, said he paid the extra adult fare of 32 pence (46 cents). A spokesman for the West Midlands passenger transport executive said it was not company policy to charge for teddy bears, of whatever size. "It all sounds most odd, but if Mr. Morris gets in touch with us perhaps we can sort it out," he said.

□

Prince Edward, **Queen Elizabeth's** youngest son, suffered a bloody nose during a boxing match as part of his Royal Marine training at a commando center. Not only did Edward fail to qualify for the unit's boxing team, he also "took a right drubbing," according to a sergeant who witnessed the bout. Edward did impress his mates with his determination, however. "We don't think his career prospects are in the boxing ring but he's certainly got the grit of a commanding officer," the sergeant said.

□

A Navy officer who was killed in World War II and mistakenly honored by the Dutch was posthumously given the U.S. Navy's highest award in a ceremony attended by his 95-year-old mother. **Lieutenant Otto Kolb Jr.** died while serving on a Dutch warship sunk by the Japanese during the Battle of the Java Sea. In Monday's ceremony at City Hall in Savannah, Georgia, **Mary Kolb Bowlby** received the Navy Cross from **Mayor John Rousakis**. Mrs. Bowlby wrote the mayor in June, asking for his help in getting the proper recognition for her son. Rousakis forwarded the letter to **President Ronald Reagan**. **John Lehman**, the secretary of the Navy, then issued the Navy Cross to Kolb for "extraordinary heroism" prior to his death on Feb. 27, 1942.

□

Prime Minister Margaret Thatcher appointed **Marmaduke Hussey**, a director of Times Newspapers, to head the BBC. Hussey, 63, who was managing director and chief executive officer of Times Newspapers from 1971 to 1980 and still serves on the board, succeeds **Stuart Young**, who died in August at the age of 52.

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